

**Consultation on a proposed change to the
current 31 December corporate income tax
return filing deadline**

Closing date for comments: 8 April 2022

1. Executive Summary

- 1.1. This consultation paper outlines a proposal by the Minister for Treasury & Resources, to change the corporate income tax return filing deadline.
- 1.2. The deadline is currently 31 December in the year following the year of assessment in which the accounting period ends.
- 1.3. The Minister is proposing to amend this deadline from 31 December to 30 November in the year following the year of assessment in which the accounting period ends.
- 1.4. The new 30 November deadline would apply from the 2022 year of assessment. So, by way of example, a company with an accounting period ending 31 December 2022 would be required to file their corporate income tax return for year of assessment 2022 by 30 November 2023 (rather than 31 December 2023).

What is not changing under this proposal

- 1.5. This proposal does not contain any changes in the obligation to file a corporate income tax return nor any changes to the rules on the computation of income tax payable by a company.
- 1.6. Neither does it propose a change to the quantum of any penalty for the late filing of a corporate income tax return. However, the date from which a penalty would be due would change correspondingly in line with the change in the new filing date.
- 1.7. The tax year of assessment will continue to be the calendar year - 1 January to 31 December.
- 1.8. Article 39 and Article 41AB of the Income Tax (Jersey) Law 1961 ("ITL") set out the dates on which corporate income tax is due and payable. There are no changes proposed to these payment dates.

2. Background

- 2.1. The Minister recognises that a filing deadline which falls on 31 December places a significant compliance burden on taxpayers, their advisers and Revenue Jersey. It is

a very busy time of year, when other commercial and personal activities are taken into account.

- 2.2. The policy decision to modernise the tax system by introducing online filing for corporates has led to efficiencies for all parties concerned. However, the move away from filing paper returns and the requirement for those returns to be ‘wet signed’, has also resulted in a surge in return submissions shortly before or on the 31 December deadline. This concentration of activity in an already busy season generates greater demand on all staff time in the lead up to the deadline and makes it more difficult to deal with technical issues and/or online filing queries at a time when resources are stretched.
- 2.3. Importantly, Jersey is also required to provide Economic Substance data annually to the OECD Forum on Harmful Tax Practices and to EU Member States, arising from our international commitments. This data must be provided every March in relation to information that is filed by companies to the previous filing deadline (currently 31 December). For example, Revenue Jersey will be required to provide Economic Substance data by March 2022 based on the information contained in corporate income tax returns filed by 31 December 2021. This leaves a ‘window’ of only three months for Revenue Jersey to collate and check the necessary Economic Substance data before being required to send it to the OECD/EU.
- 2.4. Additionally, from year of assessment 2022, Jersey’s international commitments on economic substance have been extended to include partnerships and this will result in an increase in reporting made by partnerships to Revenue Jersey - see *“Consultation on new rules for the provision of Information by partnerships to Revenue Jersey”* for further information: [Consultation on new rules for the provision of information by partnerships to Revenue Jersey \(gov.je\)](https://www.gov.je/consultation-on-new-rules-for-the-provision-of-information-by-partnerships-to-revenue-jersey). It is proposed that the filing deadline for the new partnership ‘Combined Notification’ will be aligned with the corporate income tax return filing deadline. Consequently, absent any change, there will be a significant increase in the number of returns needing to be filed by the already challenging 31 December deadline, when you take account of all the new

partnership Combined Notifications that will need to be filed in addition to the corporate income tax returns.

2.5. It is also recognised that many Jersey companies fall within the UK non-resident landlord scheme and these companies are now subject to UK corporation tax filing deadlines. Where they have a 31 December accounting period end, it means these companies currently have a Jersey and UK tax return filing deadline falling on the same day, which can add to resourcing pressures at that time of year. Previously, those UK tax returns had to be submitted to HM Revenue & Customs by the following 31 January.

3. Purpose of this consultation document

3.1. This consultation document is being issued to seek feedback from key stakeholders (including companies, industry associations, practitioners, and any related parties) on the proposed change to the corporate income tax return filing deadline with the aim of:

- I. Better managing the tax compliance burden on taxpayers, their advisers and Revenue Jersey which is created by the current 31 December deadline that coincides with *inter alia* the holiday season; and
- II. Promoting efficiencies for taxpayers, their advisers and Revenue Jersey by aligning the new filing deadline with the corporate income tax payment deadline of 30 November.

3.2. The proposed change to the filing deadline will specifically relate to corporate income tax returns and the new proposed partnership Combined Notification, (which is the subject of a concurrent and separate consultation). The proposals will not impact other filing requirements or payment deadlines.

4. Current position

4.1. Article 20B ITL provides that companies regarded as resident in Jersey, or which have a permanent establishment in Jersey must file an annual income tax return. The General Notice issued by the Comptroller of Revenue each year (further to

Article 16 ITL) requires companies to deliver their tax returns by midnight on 31 December in the year following the year of assessment in point. Where a company files its tax return after the deadline stated in the General Notice, late filing penalties are levied further to Article 17A ITL.

4.2. In order to file a complete income tax return, a company must also submit financial statements with the return in accordance with Article 20B(3B) or Article 20B(3C) ITL (as applicable). The present requirement of the corporate income tax return is that the financial statements submitted must have a financial period end that ends in the year of assessment unless the company is a non-resident landlord in which case the submitted financial statements should cover the calendar year in point¹. Therefore, any tax filing deadline must recognise the scheduling and availability of company financial accounts to accompany the return.

4.3. Revenue Jersey's experience is that the majority of Jersey incorporated companies prepare financial statements to an accounting period end of 31 December. In accordance with Article 105(7) of the Companies (Jersey) Law 1991, companies are required to prepare accounts for a financial period:

4.3.1. Within 7 months of the end of the accounting period, for public companies;
and

4.3.2. Within 10 months of the end of the accounting period, for private companies.

Consequently, all Jersey incorporated companies with a 31 December accounting period end will be required under Company Law to prepare their financial statements by 31 October in the year following the financial year end. It is therefore reasonable to assume that financial accounts should be available to the vast majority of companies in Jersey in support of a tax filing date on or after 31 October.

¹ Unless, exceptionally, the company is still able to enjoy the 'grandfathering' provision that was included in historic concession "Schedule A – accounts basis"

4.4. Since the 2019 year of assessment, companies subject to income tax have also been required to pay their income tax liability in an initial instalment due by 31 May following the year of assessment (31 March for large companies), with the final income tax payment becoming due on 30 November (31 October for large companies) – Article 41AB and Article 39 ITL (respectively). To meet these payment obligations, companies are required to prepare tax computations in advance of the payment deadlines, which will necessarily be well in advance of the current filing deadline of 31 December. Therefore, advancing the corporate filing deadline should not, of itself, accelerate this particular element of a company's tax compliance requirement.

5. Alternative filing dates considered

5.1. There are several options that could relieve the staffing and resources pressure created by the current 31 December filing deadline: the deadline could be moved to either a date after 31 December or before 31 December.

The option of a later filing date

- 5.2. It is possible to move the filing date to a date beyond the current deadline of 31 December following the end of the year of assessment. For example, a 31 January filing deadline would be 13 months after the end of the year of assessment.
- 5.3. However, Jersey's current corporate income tax filing deadline is already lengthy by international standards. The Appendix includes corporate tax filing deadlines for a sample of jurisdictions. For example, companies with a 31 January accounting period end already have 23 months after that period end to file their tax return. Lengthening the deadline any further is not desirable.
- 5.4. Extending the existing deadline could create a knock-on effect with the issuance of notice of assessments and potentially reduce the available time to prepare the next set of financial accounts.
- 5.5. A move to a 31 January deadline could also have a negative impact on Jersey advisers representing clients with a UK income tax liability, as it would conflict with

the deadline for filing UK self-assessment income tax returns. This could create further resource constraints for advisers in the preparation and finalisation of Jersey corporate income tax returns.

- 5.6. Jersey is required to exchange information in a timely manner under its international obligations. As indicated in 2.4 above, these commitments require the compilation of Economic Substance data from the corporate income tax returns for submission to the OECD and EU within 15 months of the end of the year of assessment. As the current filing date for the return² is 12 months after the year of assessment, Revenue Jersey has only three months to collate, review and prepare the information for exchange. Pushing the corporate income tax return filing deadline beyond 31 December would reduce the timeframe in which the relevant information can be prepared for exchange. Should the timeframe not be met, or the data be incomplete, Jersey would be in breach of its international commitments.
- 5.7. A later filing date would also reduce the currency of data needed by Government for tax compliance and income forecasting.

The option of an earlier filing date

- 5.8. The alternative to a later filing date is to bring forward the filing deadline to a date earlier than 31 December – one which is less than 12 months after the end of the year of assessment.
- 5.9. A revised deadline date of 31 October could be considered. However, this would coincide exactly with the deadline for preparation of financial accounts of Jersey incorporated companies with a 31 December financial period end (see paragraph 4.3 above). It is felt that this could create new compliance difficulties for companies and their advisers.

6. Recommendation

- 6.1. On balance, the Minister's proposal is that the corporate income tax return filing deadline be moved forward from 31 December to 30 November following the end

² Compiled within the corporate income tax return

of the year of assessment, commencing with the corporate income tax return for year of assessment 2022.

7. Consultation Questions

Question 1: Do you agree or disagree that the current corporate income tax filing deadline of 31 December presents difficulties? Please provide comments.

Question 2: What are your views on the proposal to change the filing date to 30 November?

Question 3: Do you consider one of the other options for a revised filing date to be more appropriate, for example 31 January or 31 October. If so, why?

Question 4: Are there any other conflicting filing or other compliance obligations that companies and/or tax advisers face on 30 November?

Question 5: How would the proposed change to the filing deadline impact your workload?

Question 6: Are there any other impacts of changing the filing date that need to be considered?

8. Respondent details

- 8.1. Please provide the name (and contact detail) of the firm / company / individual who is responding.
- 8.2. Are you answering this consultation document on your own behalf, or on behalf of another body?
- 8.3. Would you be directly affected by any proposed changes to the filing date of the corporate income tax return?

9. Submission instructions

Please send your feedback by 8 April 2022 to Tax.policy@gov.je.

Subject: "Corporate deadline"

Treasury and Exchequer



Or via post to:

Tax Policy Unit – Corporate deadline consultation

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Appendix | International Corporate filing deadlines (sample)

Country	Filing deadline after accounting period or tax year end
Japan	2 months ³
Russian Federation	3 months
USA	3 months and 15 days ⁴
France	4 months
People's Republic of China	5 months
Luxembourg	5 months
Netherlands	5 months
Canada	6 months
Australia	6 months 15 days
Spain	6 months 25 days
India	8 months
Ireland	9 months
Switzerland	Up to 10 months ⁵
Italy	11 months
Singapore	11 months (generally)
United Kingdom	12 months
Jersey	12 months

³ Can claim 1-month extension

⁴ Can claim 6 -month extension

⁵ Depends on canton