

# Worldwide personal tax guide 2023-2024

Going to/leaving Jersey



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## Local information

Tax Authority	Revenue Jersey
Website	www.gov.je/taxesmoney
Tax year	1 January to 31 December
Tax return due date	31 May (if paper filling) 31 July (if filed by tax agent or online)
Is joint filing possible	Yes – only in certain circumstances
Are tax return extensions possible	No

## 2023 Income tax rates

Income tax is imposed at a flat rate of 20% on taxable income, or on the marginal-rate basis explained below.

### The following are the income tax exemption thresholds for 2023:

Single person	£18,550
Married or civil partnership	£29,750

For taxpayers earning less than the applicable exemption threshold, no tax liability arises.

For taxpayers whose total income exceeds their exemption threshold two tax calculations are required. The amount of income that exceeds the exemption threshold is subject to tax at a rate of 26%. If this results in a lower liability than the standard 20% rate calculation, the lower liability is used. This allows low and middle income earners to benefit from an additional deduction, namely 'marginal relief'. In addition to the exemption thresholds discussed above, a marginal-rate taxpayer can add certain additional allowances.

If an individual is not taxed on the basis of being fully resident in Jersey throughout the year of assessment, allowances, deductions and exemption limits to which they are entitled may be reduced to reflect the proportion of the year the individual is present in Jersey.

## Who is liable?

Individual income taxation in Jersey is based on residence. Taxpayers are categorised as resident and ordinarily resident, resident and not ordinarily resident, or non-resident.

Resident and ordinarily resident individuals are subject to Jersey income tax on their worldwide income.

Resident but not ordinarily resident individuals are subject to Jersey income tax on their Jersey-source income and their non-Jersey-source income remitted to Jersey.

Non-residents are subject to tax on Jersey-source income only, excluding certain types of income.

Jersey residents receiving pension income from a country that has entered into a double tax agreement with Jersey may be exempt from tax in that country, depending on the terms of the double tax agreement. Non-residents receiving Jersey pensions may be exempt from income tax in Jersey on such pension income. Professional advice should be obtained if necessary.

## Residence status for tax purposes

Individuals are considered resident in Jersey in any year of assessment they meet either of the following qualifications:

- ▶ They are present in Jersey for more than six months.
- ▶ They have accommodation available in Jersey and stay there for a minimum of one night during the year.

Individuals are considered ordinarily resident in Jersey in any year of assessment they meet any of the following qualifications:

- ▶ They normally spend all of their time in Jersey other than periods spent away on holiday or business.
- ▶ They are expecting to permanently reside in Jersey for a period of five years or more.
- ▶ They are physically present in Jersey for an average of more than 90 days each year over a consecutive four-year period.

Persons moving to Jersey who are on employment contracts may be considered ordinarily resident in Jersey if their employment contract exceeds four years. This may be affected

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by several factors, such as whether they have available accommodation and the intended length of their stay. The rules are subject to change, therefore, professional advice should be obtained if necessary.

## Income subject to tax

**Employment income** – Taxable income includes salaries, wages, directors' fees, bonuses, gratuities, pensions and benefits in kind. The first £250 of taxable benefits in kind from all sources is exempt from tax, and several specific exemptions exist.

Termination payments paid by, or on behalf of, an employer to an employee are chargeable to Jersey income tax. The first £50,000 of a termination payment is exempt from income tax. However, if a termination payment is made as a result of injury, death or disability, it is completely exempt from tax.

**Self-employment and business income** – All self-employed individuals carrying on a trade, business or profession are subject to tax on business profits.

Tax on self-employment and business income is imposed on the accounting profits, adjusted for tax purposes, of non-corporations at a rate of up to 20%. Adjusted profits are assessed on a current-year basis.

Non-corporate business losses may be carried forward indefinitely if the business continues to operate. In some cases, current year losses can be utilised against other income arising in the year or can be carried back and utilised against profits derived from the same trade in the preceding year.

**Investment income** – Dividends, interest, royalties and income from property are taxed on an actual-year basis at a rate of 20%. Property rental expenses are fully deductible.

Scrip dividends are exempt from income tax in Jersey by concession.

Additional shareholder taxation rules exist for Jersey-resident individuals who are shareholders of Jersey tax resident companies. The rules are complex, and professional advice should be obtained regarding them.

**Taxation of employer-provided stock options** – Revenue Jersey issued a practice note regarding the taxation of share award schemes in January 2023. A benefit in kind can arise from schemes that award shares or options to buy shares at

less than their market value. The taxation of a share award depends on the particular scheme rules, and professional advice should be sought regarding the tax treatment of share award plans.

## Capital gains

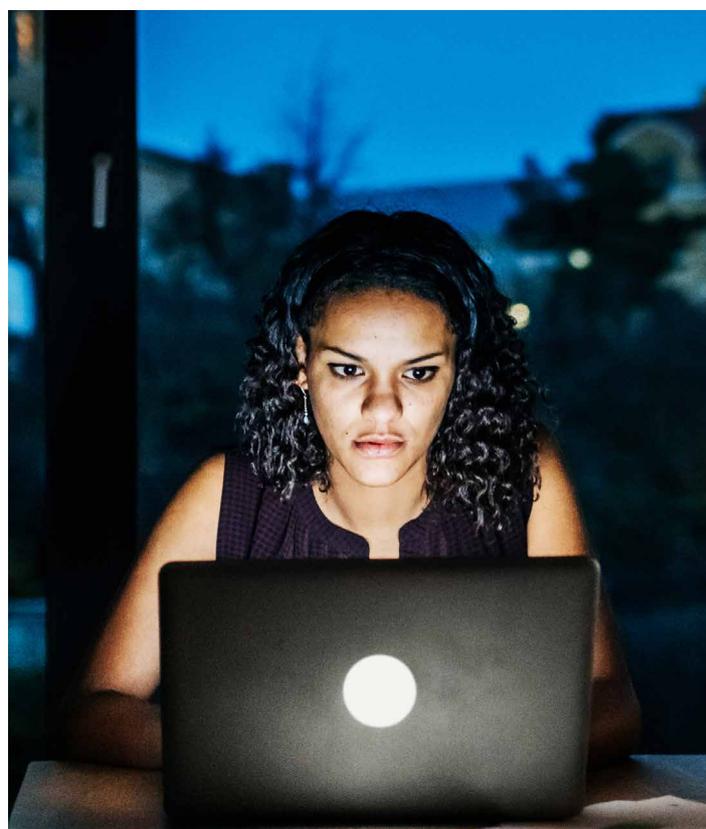
Jersey does not impose a capital gains tax.

## Wealth tax and estate tax

No wealth tax or estate tax is levied in Jersey. For probate to be granted on death, stamp duty may be payable. The amount payable depends on the domicile of the deceased, the situs of property and whether the property is immovable or movable.

## Land transaction tax

Land transaction tax applies to the sale of shares in a company that give the owner of the shares the right to occupy a dwelling. The rates range from 0% to 10.5%. Land transaction tax is equal to the stamp duty levied on the sale of freehold property.



## Social security

Jersey has a compulsory social security scheme. Everyone between school-leaving age and pension age is insurable in either class 1 (employed persons) or class 2 (self-employed or unemployed individuals).

Class 1: Employers and employees must make contributions based on salaries at rates of 6.5% (secondary contributions) and 6% (primary contributions), respectively, with a standard earnings limit (SEL) of £5,060 per month. These limits are updated on 1 January of each year.

In addition, an upper earnings limit (UEL) of £23,072 per month exists.

A 2.5% rate also applies only to employer (secondary) contributions on earnings above the SEL (£5,060 per month) and up to the UEL (£23,072 per month).

Class 2: Self-employed individuals are required to pay Class 2 contributions at the rate of 12.5% on earnings up to the SEL (£5,060 per month). This rate equals the combined total of the employer's and employee's class 1 maximum contribution amounts. A 2.5% rate also applies to earnings above the SEL and up to the UEL (£23,072 per month).

A class 2 individual can make an application to pay reduced rate contributions during 2023, based on the 2021 and 2022 income tax assessments and business accounts, if income for 2021 and 2022 was between the LEL (£1,080 per month) and UEL (£23,072 per month). Individuals who recently established businesses may be eligible to pay a deferred rate of contribution on application to the Social Security Department.

The taxes office collects contributions to the long-term care fund on behalf of the Social Security Department. The fund provides financial support to Jersey residents who are likely to need long-term care the rest of their lives, either in their own home or in a care home. Contributions are payable at a maximum rate of 1.5% on taxable income, subject to a cap based on the social security UEL. The cap for 2023 is £4,153.

## Tax filing and payment procedures

Employers in Jersey are required to operate a pay-as-you-earn system for employees called the Income Tax Instalment System (ITIS). Under the ITIS, income tax payments for persons registered for income tax on or after 1 January 2006 are deducted from an employee's salary and applied toward settlement of the current year's tax liability. Persons registered

for income tax in Jersey prior to 1 January 2006 are taxed on a prior year basis; that is, income tax payment under ITIS are applied against the preceding year's tax liability.

From 2020, prior-year basis taxpayers were transitioned to a current-year basis with their 2019 tax payments allocated to their 2020 tax liability. From 2021, they became current-year basis taxpayers with their 2019 tax liability being frozen. Their frozen 2019 tax liability will be required to be paid in the future with the following two options available:

- ▶ Payment plan with payment commencing 2025 (registration is required by 30 September 2024).
- ▶ Commit to pay on retirement with the full amount to be paid within 12 months of reaching State Pension Age (registration is required by 30 September 2024).

Taxpayers are normally notified of tax assessments in the year following the year of assessment. Any shortfall in tax for employees is collected through a change in the employee's ITIS rate. For individuals generating 75% or more of their income from non-employment income, tax is payable in two instalments, with 50% of the prior year tax liability due by 30 November in the year of assessment and a further 50% due by the following 31 May. A balancing payment for any shortfall is due by 30 November following the relevant year of assessment. A 10% surcharge is levied on any tax unpaid by 30 November. For individuals who owe tax under the ITIS, it is not usually necessary to make a balancing payment if more than 70% of the tax due was paid under the ITIS.

## Double tax relief and tax treaties

Foreign tax paid is allowed as a deduction from taxable income.

Jersey has entered into double tax treaties with 27 countries.

The majority of these treaties are extremely limited in scope.

Jersey has entered into tax information exchange agreements (TIEAs) with 38 jurisdictions.

Several double tax treaties and TIEAs are currently under negotiation.

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