

Consultation on proposed changes to the current 31 December corporate income tax return filing deadline

Response paper

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Background and response rate

1. On 16 February 2022, the then Minister for Treasury and Resources published a [consultation paper](#) seeking feedback on the proposal to change the corporate income tax filing deadline of 31 December. Islanders were invited to submit their response by email or via post.
2. The consultation closed on 14 April 2022. Fourteen respondents submitted comments by email. Of those 14 responses, three came from individuals in their personal capacity; 10 from interested corporate groups; and one from industry associations or bodies.
3. On behalf of the Minister for Treasury and Resources, Revenue Jersey has considered all the feedback and has provided a summary of the responses below. Revenue Jersey has included in this document its position in relation to those responses. The Minister's final decision was taken following consideration of both the feedback and the response to the feedback set out below.
4. Further questions or comments relating to the consultation paper or this response paper can be sent to:

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

5. In respect of respondents who provided an explicit response to the question, six respondents agreed that the current deadline presents difficulties, while two said that it did not.
6. The responses emphasised that there was frequently a lack of resource available around the Christmas and New Year period, both in Revenue Jersey and in the firms required to meet the deadline. One respondent considered that staff providing Christmas cover in Revenue Jersey often lacked the training required to respond to technical questions.
7. It was also noted that the 31 December deadline interacted negatively with other year-end deadlines, such as those that relate to end of year distributions and tax deadlines in other jurisdictions.
8. **Revenue Jersey response:** Revenue Jersey endeavours to provide sufficient resourcing over the Christmas and New Year periods and routinely monitors volumes and response times to customer enquiries. Nevertheless, a filing deadline of 31 December always adds resourcing pressure at a time of year in which staff tend to take leave.

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

9. Of the 13 respondents who provided a clear view on the proposal to change the deadline to 30 November, six respondents were in favour, while seven respondents expressed a negative response.
10. The general sentiment of those negative responses was that an earlier filing date would not help with the end-of-year difficulties.
11. A particular theme of the responses opposed to a 30 November deadline was to draw attention to the accounts preparation date of 31 October for those companies with a year-end date of 31 December (i.e. the majority of Jersey companies). Respondents noted that just a one-month gap between the October deadline and a 30 November filing deadline would present difficulties.
12. The positive responses suggested that an earlier filing deadline would relieve pressure in December. One respondent proposed an even earlier filing deadline of 7 to 9 months following the end of the year of assessment.
13. **Revenue Jersey response:** Although there were more negative responses than positive, the table in the Appendix summarises the overall filing date preferences of respondents and shows that 30 November is the single-most preferred filing deadline.

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?

14. In terms of the other potential filing dates, four respondents said that no other date was preferable; two suggested mid-December; one said 30 September; and one said the current 31 December deadline was appropriate.
15. It was noted by one respondent that Revenue Jersey does not accept tax returns until mid-February, meaning the period in which filing can take place is already restricted to c.11 months.
16. Respondents also noted that other dates would likely clash with deadlines in other legislation or in other jurisdictions, for example:
 - 31 October – Companies Law deadline for accounts (for companies with a year-end 31 Dec);
 - January – JFSC annual statement confirmation / Guernsey validation deadline;
 - 31 January – UK self-assessment deadline; or
 - Early December – UK non-resident landlords (following recent changes to Corporation Tax).
17. **Revenue Jersey response:** It is clear from the relatively wide spread of responses that different sub-sectors within the broader finance industry favour a different filing deadline. Revenue Jersey does not accept the point made regarding filing being delayed by the late opening of the online portal. As acknowledged in one response, it is “not possible” to prepare and finalise accounts within two months and the fact that there are so few returns (in real and percentage terms) filed in the opening months of the year underlines the point.

The table in the Appendix summarises the filing date preferences of respondents.

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

18. Four respondents said that there were no conflicts with other deadlines. Others noted that the Jersey income tax payment deadline is 30 November.
19. In some (rare) cases, UK companies with an accounting year-end of 28 February would have a corporation tax obligation to pay on 1 December.
20. One respondent noted the difficulties faced in identifying the amount payable due to the payment statements, which are said to be difficult to interpret.

21. **Revenue Jersey response:** It is acknowledged that a 30 November deadline may interact with other obligations around that date. However, the benefits appear to outweigh the issues raised.

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

22. Respondents provided a notably balanced response to the question about the impact on workloads. Two respondents said it would adversely impact them; three said it would help to some extent; and three said it would be neutral. Some emphasis was placed on the compacted workload in the transitional year, with the suggestion that Revenue Jersey could be more lenient regarding late filing penalties in the first year.
23. **Revenue Jersey response:** The potential to impact the workload of some businesses is noted. Those with filing responsibilities are encouraged to keep Revenue Jersey updated, as early as possible, with any difficulties in meeting deadlines. Revenue Jersey will endeavour to take a pragmatic approach when these issues are raised by taxpayers and their agents, while operating within the confines of the law, but it cannot commit to a lenient approach to penalties in the first year of operation.

Recent experience with the temporary one-month extension to the corporate tax filing deadline demonstrated that filing behaviour did not change materially and many submissions were left until the final week. Taxpayers have the right to apply for late filing penalties to be waived under specified circumstances and any decision by the Comptroller not to waive a penalty may be appealed.

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

24. There were reasonably strong calls for linking the filing date to the accounting period to which it relates, rather than having a fixed date in the year for all companies. Respondents suggested that the scope of the consultation could have been expanded to examine the wider issues in play for companies in Jersey.
25. **Revenue Jersey response:** The longer-term ambition of Revenue Jersey is to transition the tax code and tax administration away from the current file return/raise assessment model to self-assessment. Having a corporate tax return filing deadline that correlates to the accounting period end of the taxpayer is consistent with this ambition. Any such change in the filing deadline would also prompt Revenue Jersey to consider the timing of tax payments made by companies, time limits to make claims and so on. That is, these deadlines would also move from fixed points in the year to dates related to the company's accounting period end. This would be a major exercise both in terms of legislative changes

and Revenue Jersey's computer system requirements, which would need to be managed over a longer period, both in terms of resourcing and cost.

Some respondents have also expressed the challenges they face when being asked to provide certain information within the corporate tax return on a calendar basis even though the company may not have a 31 December year-end. It is argued this problem could be exacerbated by a reduction in the time available to file corporate returns. Revenue Jersey acknowledges that many local companies have worked hard in recent years to bring their financial records up to date. However, most corporate taxpayers have been required to attach financial statements with their tax return since the 2019 year of assessment, meaning taxpayers should be familiar with the requirements. In particular, Revenue Jersey expects anyone who decides to operate a business via a company to be familiar with the obligations and responsibilities associated with that decision. In particular, in the context of company and shareholder taxation, Revenue Jersey expects the directors of a Jersey company to be aware that Companies (Jersey) Law 1991 and Taxation (Accounting Records) (Jersey) Regulations 2013 require a company (amongst other things) to:

- Keep accounting records that show and explain its transactions;
- Prepare accounts using generally accepted accounting principles within 10 months of the company's year-end, unless the company is 'public' in which case the time limit reduces to 7 months; and
- Maintain accounting records that disclose with reasonable accuracy, at any time, the financial position of the company.

Consequently, completing a corporate tax return using information outside the company's chosen accounting period should not be overly burdensome, especially as the taxpayer will still have 11 months after the calendar year in question to collate the information required.

Conclusion

26. The Minister notes in particular the responses to Question 2 and Revenue Jersey's stated position on the proposed filing date. Based on this information **the Minister will propose to move the filing date to 30 November** in the forthcoming Draft Finance (2023 Budget) (Jersey) Law.
27. The Minister and Revenue Jersey thanks all the respondents who took the time to provide responses to this consultation.

Appendix – Table summarising filing date preferences of respondents

Respondent no.	31 Dec – current	30 Nov	15 Dec	31 Oct	31 Jan	Other
1	Not supported	Not supported	Preferred	Not supported	Possible	
2	Preferred	Not supported				
3	Preferred	Not supported				
4	Preferred	Not supported				
5	Not supported	Preferred				
6	Not supported	Preferred		Not supported	Possible	
7	Preferred	Not supported				
8	Preferred	Not supported				
9	Possible	Possible				Preferred
10	Not supported	Preferred			Not supported	
11	Not supported	Not supported	Preferred	Not supported	Not supported	
12	Not supported	Preferred				
13	Not supported	Preferred		Not supported	Not supported	
14	Not supported	Preferred		Not supported	Possible	

Key:

Preferred
Not supported
Possible