

Jersey, yesterday and today

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Jersey really is a great place. It's been a pleasure to be here — and I'm not expecting to change my mind after a meeting with local politicians this morning.

Last evening I spoke at a meeting in St Helier, talking, seemingly to the audience's pleasure for 30 minutes and taking questions for more than 75 minutes after that, the while thing only slightly delayed by local television interviews.

I was honest — as I predicted I said Jersey is in a mess. I'll publish the text of my talk later — simply because I forgot to bring the final electronic version with me. But what was interesting to me were the questions; questions that revealed deep concerns for this island, its people, its future and for social justice here and elsewhere.

Much of what I said has been published before, and I won't repeat it. But I also dealt with independence — which I think would be a disaster for this island which is going to need all the friends it can get over the years to come: the problems that finance leaving here will cause — as will happen, and how the States needs to ensure that people are protected from the negative equity in housing that will follow, forcing banks to take this risk: and the fact that replacing zero / ten is going to be harder than local politicians in the ruling party seem to think or at least say.

This last point is crucial. This time, as I pointed out, they need to have the courage to not adopt a solution "Made in Douglas, Isle of Man", not least because the VAT sharing agreement that let the Isle of Man propose zero /ten in 2000 has now been holed below the waterline.

And they can't easily adopt territorial taxation because they know this will require their tax authority to ask where a Jersey company actually is — and prove it. This is something they have always refused to do to date — simply saying "it's not here — it's elsewhere" and so have turned a blind eye to its activity and the possibility it might not be "elsewhere" but actually "nowhere". Under territorial tax this deliberate turning of the blind eye could not happen. In that case the local tax authority here would have data to say where Jersey companies really were — data they could then be required to

information exchange, and that would, of course, open up all sorts of unattractive possibilities for those using Jersey.

But those risks already exist. As I also pointed out, the one thing people in tax say they want is certainty. But Jersey's politicians have made it clear that they will hang on to zero / ten like dying people clinging to the ropes of the lifeboat. Or in this case, they will hope against hope that the EU might decide that tax haven abuse in personal tax law is still abuse but legal when the identical abuse is unacceptable in business tax law. In the meantime though they will be in constant battle with the UK, who is duty bound to demand reform, and this will for some time to come remove all certainty from the Jersey tax system — which will hang in limbo for years potentially whilst a decision is made at the extraordinarily slow pace that typifies Brussels. And throughout that time no one will bring business to Jersey when they have no idea what the future holds. The indecision on tax of local politicians will kill finance whatever the outcome in other words.

Or as I put it, in that case what have they got to lose by looking [at my Plan B](#)?