

What is HMRC saying about Jersey?

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H M Revenue & Customs has, as many will be aware, [announced a new penalty regime for offshore disclosures](#).

As they say:

These new penalties come into force from 6 April 2011 and apply to Income Tax and Capital Gains Tax.

The legislation can be found in Schedule 10 of Finance Act 2010.

The new penalty is an enhancement of the penalties for

- * failure to notify*
- * inaccuracy on a return*
- * failure to file a return on time*

Under the new legislation, these penalties will be linked to the tax transparency of the territory in which the income or gain arises. Where it is harder for HMRC to get information from another country, the penalties for failing to declare income or gains arising in that country will be higher.

There will be three new levels of penalty:

- * where the income or gain arises in a territory in 'category 1', the penalty rate will be the same as under existing legislation*
- * where the income or gain arises in a territory in 'category 2', the penalty rate will be 1.5 times that in existing legislation - up to 150 per cent of tax*
- * where the income or gain arises in a territory in 'category 3', the penalty rate will be double that in existing legislation - up to 200 per cent of tax*

So far, so good.

But [then note the lists of places that are in categories 1 and 3](#). Guernsey and the Isle of Man are in category 1.

Jersey is in category 2.

What are H M Revenue & Customs trying to tell us?

And what's the official response of Jersey to this? Surely they must have one?