

Jersey's black hole is getting deeper - just as I predi...

Published: January 13, 2026, 11:47 pm

When Jersey first planned to move to a zero percent corporation tax system, with funds lost being replaced by a sales tax equivalent to VAT [I predicted two things](#) relevant to what follows.

The first was that the finance industry would not grow at anything like the rate Jersey then forecast. That growth forecast was critical to filling the tax gap Jersey intentionally created.

Second, I predicted as a result that the new sales tax - called GST - would be charged at much higher rates than the 3% first proposed. Indeed a few of us had a wager on what it would be a decade later - my forecast being 12.5%. This, I said, would be necessary to fill [what I called a 'black hole' in Jersey's finance](#), which it was easy to predict would reach £100 million a year.

The GST rate has already risen from 3% to 5%, hitting the poorest in the island hardest, of course, and all with the intent of subsidising the tax abuse industry located in the island.

So it was [interesting to note a report in the Jersey Evening Post yesterday saying](#):

GST could double by 2015 if ministers' 'highly optimistic' economic recovery targets are not met, employers have warned.

The Chamber of Commerce say that if the economy remains flat over the next three years, a new 'black hole' of £67m will open up — the equivalent of raising GST to almost 10%. And the business lobby group says that with spending rises planned from 2013 to 2015 under the Medium Term Financial Plan after three years of cuts, the question is 'are we really in control of States spending?'

The States three-year spending plan proposes a 12% rise in department budgets by 2015, along with £222m worth of capital spending. Although no tax rises are proposed, a further £26m per year will be found for the Health department — and ministers say that they have balanced the books, with a small surplus of just under £1m predicted

over the period.

Those employers are right: Jersey cannot and will not balance its books. It's [trust business is under serious threat](#) now due to new US and UK laws. Even [its tourism is down](#). Jersey's economic model has failed, as I predicted. And the people of Jersey will pay a very high price for it.