

# **Income Forecasting Group**

**Report on the revised forecast of States of  
Jersey Income for Summer 2026**

**R.157/2026**

# 1. Executive Summary

- 1.1. The Income Forecasting Group (IFG) has revised upwards its forecast for general revenues in 2026 by +£17million (1.4%). The forecast for 2027 has increased by +£26million (2.0%), +£27million (2.0%) in 2028 and +£29million (2.1%) in 2029. The income forecast reflects current tax outturns and updated FPP 2026 economic assumptions.
- 1.2. The global macroeconomic outlook remains uncertain and volatile. The supply shock caused by the Middle East conflict is increasing inflation in the global economy. The FPP 2026 economic assumptions have been updated to reflect current expectations for Jersey's economy in this context.
- 1.3. The most significant change to the FPP 2026 economic assumptions compared to the previous forecast is higher expected inflation in 2026 and 2027. This affects expected earnings and also increases duty rates and tax allowances.
- 1.4. The forecast for Personal Income Tax has increased marginally in each year of the forecast +£11-18 million. This is due to marginally higher outturn (+1% against forecast). Higher expectations for inflation is increasing the earnings forecast and also increasing tax allowances - the net effect of all economic forecasts is neutral.
- 1.5. No change has been made to the forecasting and presentation of Corporate Income Tax and Pillar Two income. The income forecast continues to present them separately, until the IFG can assess full year data next spring.

## 2. Uncertainties around the Forecast

- 2.1. All forecasts carry some uncertainty. Heightened geopolitical tensions, supply shocks, increasing inflation and shifting trade policies mean that current levels of uncertainty are higher than normal.
- 2.2. States of Jersey income forecasts are prepared using the FPP economic assumptions and represent a central forecast for States income. In light of the higher than usual uncertainty surrounding the assumptions, there is an increased risk that changes in the economic outlook will cause actual income to differ from the central forecast.
- 2.3. Jersey has implemented the Pillar Two 15% minimum tax framework for multinational groups. This forecast includes an estimate of additional prudent “base case” tax revenue raised from this. Forecasting this tax revenue is challenging as the tax revenues are dependent on the details of implementation by other jurisdictions, and also by the behaviours of affected entities.

## 3. Economic Assumptions

- 3.1. The FPP produced a revised set of economic assumptions in May, using most up to date data and forecasts published by the Bank of England and International Monetary Fund (IMF).
- 3.2. The main revisions between the current 2026 economic assumptions and those used in the IFG forecast for Summer 2025 include:
- Downward revision for real GVA growth from 0.7% to -0.1%, due to a higher inflation and a further fall in banking sector profits.
  - Higher forecast inflation. Underlying inflation, RPI(X), is forecast to increase to 4.4% annual average in 2026 (from 3.8% in 2025) and will remain higher until 2028. Headline inflation, RPI which includes a measure for mortgage interest payments, is forecast to increase from annual average 2.6% in 2025 to 4.1% in 2026 and 2027, reflecting market expectations for future increases in the Bank of England base rate.
  - Higher expectations for Finance and Related Professional Services profits across the forecast period. Strong expected growth in 2025 for Trust and Funds sectors partly offset the downward revision to bank profits and is assumed to have supported higher output in Professional services (Legal and Accounting).
  - Moderately lower forecast for 2026 earnings, driven by slower growth in the first two quarters and a smaller than expected increase in the minimum wage. Higher inflation is expected to drive earnings growth in 2027 as public sector wage increases are typically linked with RPI.
  - Lower trend for house prices, with an elevated number of transactions in 2026 as a 'backlog' of purchases clear the market, before falling to a normalised level in 2027.
- 3.3. The IFG has considered the economic assumptions from the FPP and have agreed that these assumptions should be used as the basis of the income forecast modelling for Summer 2026 income forecasts at the time of production.

| <b>FPP Economic Assumptions</b>            |             |             |             |             |             |             |             |
|--------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>% change unless otherwise specified</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> | <b>2030</b> |
| Real GVA                                   | -0.7        | 0.2         | -0.1        | 0.9         | 1.8         | 1.7         | 1.7         |
| RPI                                        | 4.1         | 2.6         | 4.1         | 4.1         | 2.3         | 2.3         | 2.4         |
| RPI(X)=RPI(Y)                              | 3.7         | 3.8         | 4.4         | 3.7         | 2.4         | 2.4         | 2.4         |
| Nominal GVA                                | 2.3         | 3.5         | 4.5         | 4.8         | 4.3         | 4.2         | 4.2         |
| Gross operating surplus (including rental) | -2.5        | 4.8         | 5.2         | 5.4         | 5.6         | 5.6         | 5.6         |
| Financial services profits                 | -7.4        | 2.0         | 5.3         | 5.7         | 6.0         | 6.0         | 6.0         |
| Compensation of employees (CoE)            | 7.2         | 3.9         | 4.6         | 5.0         | 3.9         | 3.6         | 3.6         |
| Financial services CoE                     | 6.2         | 2.0         | 4.4         | 4.8         | 3.8         | 3.8         | 3.8         |
| Non-finance CoE                            | 6.1         | 3.9         | 4.2         | 4.5         | 3.2         | 3.2         | 3.2         |
| Employment                                 | 0.7         | 0.0         | 0.2         | 0.3         | 0.3         | 0.3         | 0.3         |
| Average earnings                           | 6.4         | 4.5         | 4.4         | 4.6         | 3.4         | 3.2         | 3.2         |
| Interest rates (%)                         | 5.1         | 4.3         | 4.1         | 4.6         | 4.5         | 4.3         | 4.3         |
| House prices                               | -8.0        | -1.0        | 0.5         | 1.0         | 1.0         | 1.0         | 1.0         |
| Housing transactions                       | -15.5       | 36.4        | 24.0        | -8.0        | 2.0         | 2.0         | 2.0         |
| <b>Change from previous forecast</b>       |             | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |             |
| Real GVA                                   |             | -0.2        | -0.8        | -0.1        | +0.7        | +0.6        |             |
| RPI                                        |             | -0.1        | +1.5        | +1.1        | -0.4        | -0.4        |             |
| RPI(X)=RPI(Y)                              |             | +0.1        | +0.8        | +0.7        | -0.2        | -0.1        |             |
| Nominal GVA                                |             | -0.7        | +0.1        | +0.8        | +0.6        | +0.5        |             |
| Gross operating surplus (including rental) |             | +0.4        | +0.6        | +0.6        | +1.0        | +1.0        |             |
| Financial services profits                 |             | -3.3        | +0.0        | -0.0        | +0.4        | +0.4        |             |
| Compensation of employees (CoE)            |             | -0.3        | +0.0        | +1.3        | +0.7        | +0.5        |             |
| Financial services CoE                     |             | -2.9        | -0.5        | +0.7        | +0.1        | +0.2        |             |
| Non-finance CoE                            |             | -0.1        | -0.5        | +1.2        | +0.3        | +0.4        |             |
| Employment                                 |             | -0.1        | +0.3        | +0.2        | +0.1        | +0.1        |             |
| Average earnings                           |             | +0.2        | -0.4        | +1.0        | +0.2        | +0.2        |             |
| Interest rates (%)                         |             | +0.1        | +0.4        | +0.8        | +0.6        | +0.4        |             |
| House prices                               |             | -1.0        | -1.5        | -1.0        | -1.0        | -1.0        |             |
| Housing transactions                       |             | +36.4       | +6.9        | -22.6       | -10.8       | -9.3        |             |

## 4. Summary of Forecasts

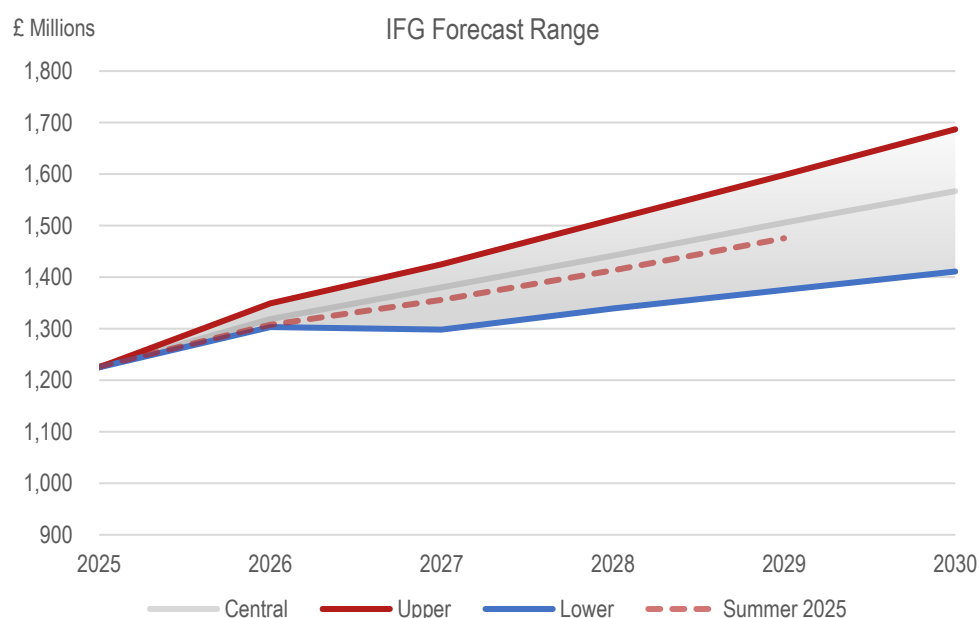
- 4.1. The individual forecasts for each revenue stream are included in the appendices as are further details of the assumptions and adjustments made to each component of the forecast.
- 4.2. Personal income tax (Appendix A) forecast for 2026 to 2030 has increased marginally. Outturn for personal income tax in 2024 was £11million (1%) more than forecast, resulting in a small upward adjustment to future years. 2025 earnings in the Non-finance sector were higher than forecast but offset by lower wage growth in Financial services. Higher inflation forecast increases personal tax allowances in 2026 and 2027 and reduces the forecast for taxable income.
- 4.3. Corporate income tax forecasts (Appendix B) have been revised down for income received in 2026, due to lower 2025 profit outturns in the banking sector. However, CIT receipts are expected to grow faster from 2027 onwards, predominantly due to the FPP's higher expectations for non-banking financial services profits.
- 4.4. Goods and Services Tax (Appendix C) has been updated to reflect the FPP's latest economic assumptions and outturn, resulting in a small increase in tax income.
- 4.5. Impôts duty (Appendix D) has decreased in each year of the forecast due to lower than expected outturn and falling expected consumption.
- 4.6. Stamp duty outturn for 2025 was higher than expected, through a combination of large one off transactions and upside revenues from High Value Resident (HVR) purchases. (Appendix E)
- 4.7. The Other income forecast (Appendix F) has been revised upwards from 2028 largely driven by an increase in inflation assumptions.
- 4.8. Social security and long-term care contributions (Appendix G) are forecast to increase for each year of the forecast. The increase in social security contributions is driven by marginally higher outturn compared to forecast. The long-term care forecast is grown by forecast growth in assessed earnings from the Personal Income Tax model and updated with outturns.

| IFG Income Forecast Central Scenario |                 |                  |                  |                  |                  |                  |
|--------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| £m                                   | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
| Personal Income Taxes                | 734             | 769              | 815              | 851              | 892              | 930              |
| Corporate Income Taxes               | 186             | 181              | 191              | 201              | 215              | 225              |
| Pillar 2 Taxes                       | -               | 44               | 45               | 49               | 53               | 57               |
| Goods and Services Tax (GST)         | 130             | 135              | 140              | 144              | 148              | 153              |
| Impôts Duties                        | 65              | 65               | 65               | 66               | 65               | 66               |
| Stamp Duty                           | 63              | 57               | 55               | 55               | 56               | 56               |
| Other Income                         | 72              | 78               | 84               | 81               | 82               | 85               |
| Provision for bad debt               | (25)            | (10)             | (10)             | (5)              | (5)              | (5)              |
| <b>Total States Revenue</b>          | <b>1,225</b>    | <b>1,319</b>     | <b>1,385</b>     | <b>1,442</b>     | <b>1,506</b>     | <b>1,567</b>     |
| <b>Summer 2025</b>                   | <b>1,227</b>    | <b>1,307</b>     | <b>1,356</b>     | <b>1,413</b>     | <b>1,475</b>     | <b>-</b>         |
| Variance                             | (2)             | 12               | 29               | 29               | 31               | -                |
| Variance %                           | -0.1%           | 0.9%             | 2.2%             | 2.0%             | 2.1%             | -                |
| YoY %                                | -               | 7.7%             | 5.0%             | 4.5%             | 4.1%             | 4.1%             |

## 5. Range of Estimates

- 5.1. The central forecast has been prepared using the FPP economic assumptions and has been discussed with the IFG.
- 5.2. The IFG has prepared an income forecast range based on likely variability to each individual forecast. An 'upper' range has been produced based on economic assumptions for a high growth (earnings, profit and housing activity) scenario and a 'lower' range has been based on economic assumptions for a low growth scenario.
- 5.3. The IFG advise that the central forecast should be considered within a likely range, as shown below.

| Range of forecasts |                 |                  |                  |                  |                  |                  |
|--------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| £m                 | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
| Upper scenario     | 1,225           | 1,349            | 1,425            | 1,512            | 1,598            | 1,687            |
| Central scenario   | 1,225           | 1,319            | 1,385            | 1,442            | 1,506            | 1,567            |
| Lower scenario     | 1,225           | 1,303            | 1,298            | 1,339            | 1,375            | 1,411            |



# Appendix A – Personal Income Tax

## Personal Income Tax Summary

The Personal Income Tax (PIT) forecast was updated in Summer 2026 to include latest tax outturn data and the FPP's 2026 economic assumptions.

The updated personal income tax forecast is summarised below in Figure A1.

**Figure A1: Personal Income Tax Summer 2026**

| £m                          | 2024<br>Outturn | 2025<br>Forecast | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|-----------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Summer 2025 Forecast</b> | <b>689</b>      | <b>722</b>       | <b>758</b>       | <b>797</b>       | <b>833</b>       | <b>875</b>       | <b>-</b>         |
| Tax outturn                 | +11             | +11              | +12              | +12              | +12              | +12              | -                |
| Economic data/assumptions   | -               | +1               | -                | +8               | +7               | +5               | -                |
| Updated HVR forecast        | -               | -                | -1               | -1               | -1               | -2               | -                |
| <b>Summer 2026 Forecast</b> | <b>700</b>      | <b>734</b>       | <b>769</b>       | <b>815</b>       | <b>851</b>       | <b>892</b>       | <b>930</b>       |
| Variance                    | +11             | +12              | +11              | +18              | +18              | +17              | -                |

## Personal Income Tax Outturn, ITIS and HVR

The most recent outturn data shows 2024 year-of-assessment personal income tax payable was in line with the previous Summer 2025 forecast. Outturn was marginally higher (1%) and has added £11 million to the forecast base. The breakdown of taxable income outturn is shown in Figure A2. There was also a small increase in percentage tax yield for 2024, meaning a higher than forecast total effective tax rate applied to total 2024 personal income.

**Figure A2: Taxable income**

| £m                           | 2024<br>Outturn | 2024<br>Forecast | Variance   | % of<br>Outturn |
|------------------------------|-----------------|------------------|------------|-----------------|
| Business profits             | 255             | 254              | +1         | -               |
| Earned income                | 3,117           | 3,088            | +29        | 1%              |
| Bank, dividend and other     | 272             | 265              | +7         | 3%              |
| Pension income               | 448             | 445              | +3         | 1%              |
| Property income              | 137             | 138              | -1         | -1%             |
| Shareholder income           | 284             | 270              | +14        | 5%              |
| <b>Total Personal Income</b> | <b>4,513</b>    | <b>4,460</b>     | <b>+53</b> | <b>1%</b>       |

Income Tax Instalment System (ITIS) data shows that total earnings in 2025 is in line with total forecasted wage growth. Broken down however, non-finance (4.9% vs 4.0%) and Public sector (6.8% vs 6.2%) wage growth exceeded forecast, with growth in financial services earnings coming in lower than expectations (3.1% vs 4.1%). Full time equivalent employment did not increase in the 12 months to June. The slowdown in wage growth in financial services and a weakening labour market led the FPP to revise down their forecast for average earnings growth in 2026 by -0.4 percentage-points, leading to a marginal decrease in tax receipts. Higher inflation

is expected to drive wage higher wage growth in 2027, but the tax impact is partially offset by higher RPI linked growth in allowances.

A small number of High Value Residents (HVR) left the scheme in 2024. The downward revision to the forecast from this has been offset by an expected increase in the number of successful HVR applicants from 2025 onwards. The increase in expected HVRs is based on pipeline forecasts and remains within the agreed annual range for successful applications – 15 to 30.

## New Statistical Relationships

The statistical relationships used to forecast individual types of taxable income have been updated. The equations used to forecast pensions and investment income (bank, dividend, and other unearned income) have been re-estimated with the latest tax outturn. The three equations currently used are:

1. Growth in earnings is forecast in line with aggregate earnings in the finance and non-finance sectors, and profits in the finance sector.
2. Growth in pensions is forecast in line with average earnings and growth in the over-65 population.
3. Growth in investment income is forecast in line with changes to the Bank of England Bank Rate.

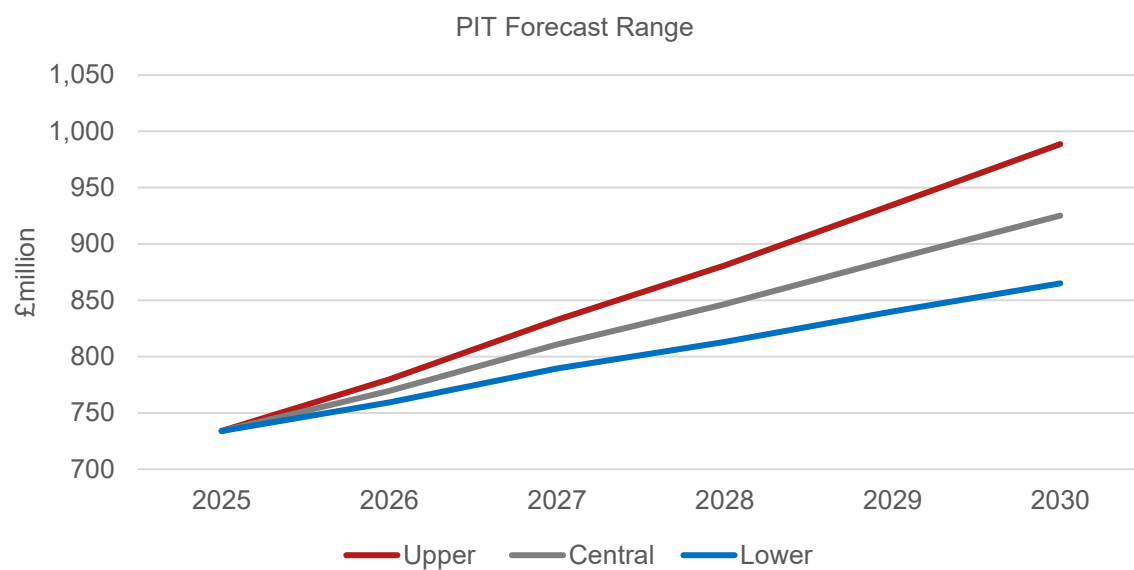
The equations currently used for earnings and pensions were developed by Oxera in 2017. Changes were made to each of the three equations in Spring 2021 to make the estimated relationships more robust. A full description of these changes and the current methodology is available in the IFG Spring Report 2021, R.151/2021.

## Personal Income Tax Range of Estimates

The IFG have produced an upper and lower estimate of the Personal Income Tax forecast using sensitivity analysis of the estimates to key variables included the FPP economic assumptions as well as an assessment of historic forecast accuracy.

Figure A3 below shows the upper and lower estimates of this forecast.

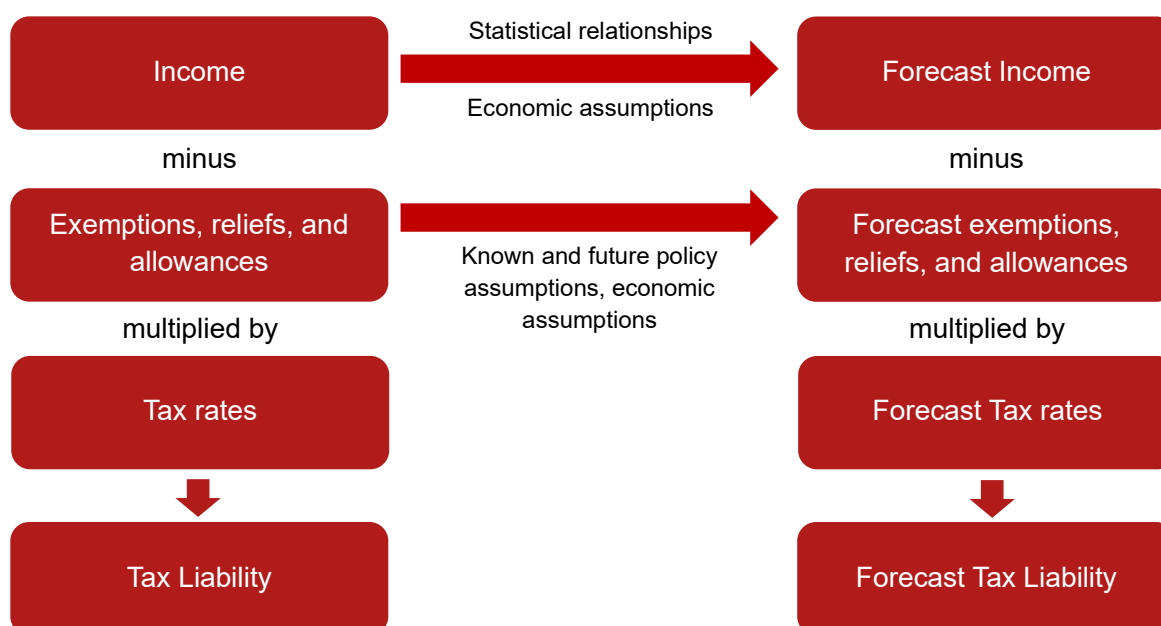
| <b>Figure A3: Personal Income Tax Range of Estimates</b> |                 |                 |                 |                 |                 |                 |
|----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                          | <b>2025</b>     | <b>2026</b>     | <b>2027</b>     | <b>2028</b>     | <b>2029</b>     | <b>2030</b>     |
| <b>£m</b>                                                | <b>Forecast</b> | <b>Forecast</b> | <b>Forecast</b> | <b>Forecast</b> | <b>Forecast</b> | <b>Forecast</b> |
| Upper                                                    | 734             | 780             | 837             | 886             | 940             | 994             |
| Central                                                  | 734             | 769             | 815             | 851             | 892             | 930             |
| Lower                                                    | 734             | 759             | 794             | 818             | 845             | 870             |



## Personal Income Tax Forecast Methodology

An overview of the personal income tax forecasting model is shown in the diagram below. There are two main elements - forecasting taxable income and forecasting the average effective tax rate (i.e. tax liability per £1 of taxable income). The latter is based on forecasts of the value of deductions (including exemption thresholds for marginal rate taxpayers, and reliefs, credits and allowances claimed by taxpayers). The forecast of tax collectable is, therefore, the product of the forecasts for taxable income and the average effective tax rate.

Taxable personal income is estimated by applying economic assumptions provided by the FPP to latest outturn data. The economic assumptions include the forecast year on year change in compensation of employees (CoE), company profits, employment, average earnings, inflation and interest rates. Outturn data is provided by Revenue Jersey. The average effective tax rate is forecast by taking baseline data for the value of deductions. Changes are forecast, in line with assumptions about future taxpayer numbers, inflation, interest rates and policy changes announced in previous Budgets and Government Plans. So, for example, the aggregate value of the basic exemption thresholds might be assumed to rise in line with the lower of RPI inflation and earnings (to represent the anticipated annual increase in the threshold), and employment growth (to represent the increase in taxpayer numbers meeting this threshold).



## Appendix B – Corporate Income Tax

Jersey has implemented the Pillar Two framework. This will apply to Jersey entities of multinational enterprise (MNE) groups with more than €750 million annual global revenues. The majority of Jersey businesses will not be in scope of the Income Inclusion Rule (IIR) and/or the 15% Multinational Corporate Income Tax (MCIT) and will remain within the existing corporate tax regime (referred to as 0/10).

Forecasting the future revenue impact of these tax changes is a difficult exercise for every jurisdiction in the OECD Inclusive Framework. For this forecast (and until we have complete tax revenue data for a full year) Corporate Income Tax revenues continue to be forecast on the 0/10 basis and supplemented by a forecast of the additional corporate income tax revenues from Pillar Two, over and above what would have been the CIT tax liability.

### Corporate Income Tax Summary

The Corporate Income Tax (CIT) forecast was updated in Summer 2026 to include new tax outturn data, the FPP's 2026 economic assumptions and new financial information provided by industry. The forecast is summarised below in Figure B1.

**Figure B1: Corporate Income Tax Summer 2026**

| £m                                  | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|-------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| <b>Summer 2025 Forecast</b>         | <b>184</b>      | <b>234</b>       | <b>235</b>       | <b>248</b>       | <b>259</b>       | <b>-</b>         |
| Tax outturn                         | +2              | +2               | +2               | +2               | +2               | -                |
| Financial information from industry | -               | -10              | -5               | -5               | -2               | -                |
| FPP 2026 assumptions                | -               | +0               | +3               | +6               | +10              | -                |
| <b>Summer 2026 Forecast</b>         | <b>186</b>      | <b>225</b>       | <b>236</b>       | <b>250</b>       | <b>268</b>       | <b>282</b>       |
| Variance                            | +2              | -9               | +0               | +3               | +9               | -                |

### Corporate Income Tax Outturn

In line with IFG forecasts, Corporate Income Tax received in 2025 decreased by £8million (4%) compared to the previous year. The decrease was driven by a fall in bank profits (from financial year 2024), following the preceding two-year period of strong growth linked to widening net interest margins.

Receipts from the banking sectors, 57% of total CIT, fell by £16million (13%). Non-banking financial service tax receipts grew by £9million (9%) following a strong year of growth in financial year 2024. Outturn for the Property sector was £5million (18%) lower than previous forecast.

## Changes to the Corporate Income Tax Forecast

The IFG has agreed to a downward revision to the Corporate Income Tax (CIT) forecast for 2026 (relating to tax on financial year 2025 profits). This reflects lower-than-expected levels of reported profits in Jersey's banking sector in financial year 2025. This revision has also fed through to the Pillar Two base case forecast. Expected 0/10 CIT receipts from the banking sector have been reduced by £10 million (-10%) and the Pillar Two base case has been revised down by £5 million (-5%).

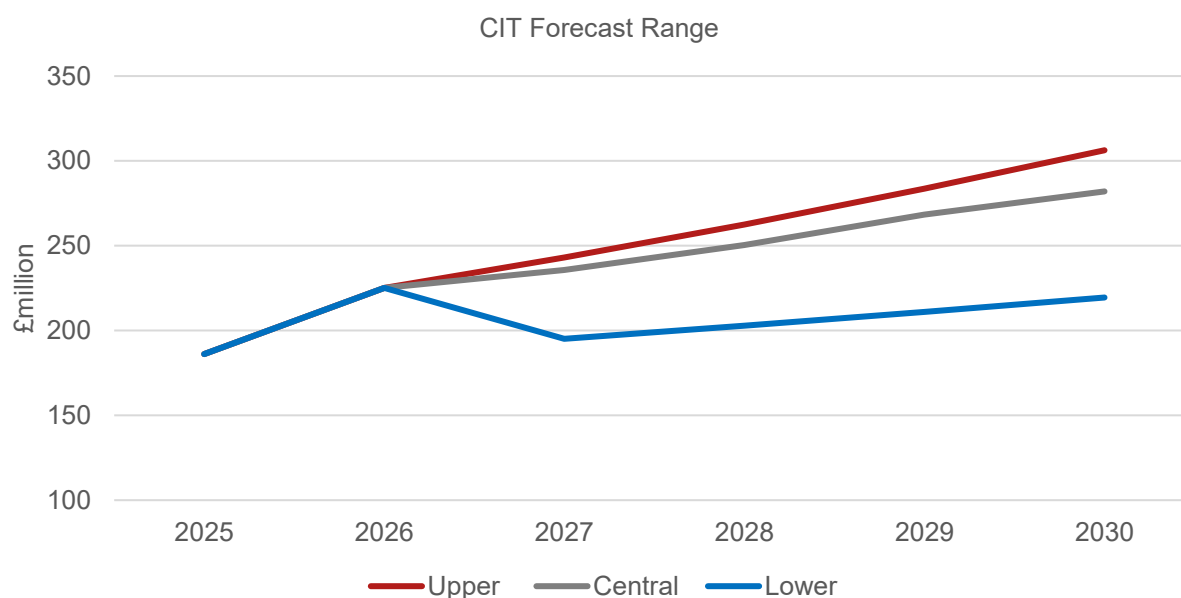
The downward revisions for the banking sector in 2026 are partially offset by stronger profit growth expectations for non-banking financial services taxpayers. By 2027, stronger FPP growth assumptions for these non-banking sectors are expected to outweigh the recent decline in bank CIT receipts. By 2029, the net impact of these revisions is positive, increasing forecast receipts by £9 million (4%).

## Corporate Income Tax Range of Estimates

The IFG has provided a forecast range with an 'Upper' and 'Lower' scenario based on reasonable expectations for bank profits. As tax income received in 2026 is based on 2025 profit outturn, a likely variation has not been produced.

**Figure B2: Corporate Income Tax Range of Estimates**

| £m      | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|---------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Upper   | 186             | 225              | 243              | 263              | 284              | 306              |
| Central | 186             | 225              | 236              | 250              | 268              | 282              |
| Lower   | 186             | 225              | 234              | 243              | 253              | 263              |



## Pillar Two Taxes Forecast Methodology

Forecasting the revenues from the implementation of Pillar Two is challenging. Pillar Two tax revenues are contingent on how Pillar Two is implemented by other jurisdictions and also on the behavioural responses of multinational groups affected by Pillar Two. A further complication arises from the interaction of Pillar Two with the US GILTI international tax regime which adds uncertainty to forecasting profits booked to Jersey by US-based firms.

In light of this complexity and uncertainty, our approach has been to forecast a “base case Pillar Two forecast”. This includes the additional corporate income tax expected to be received from taxpayers in Jersey following implementation of Pillar Two. Whilst we consider this to be a prudent and reasonable approach to an area of tax forecasting that is new and untested globally, the forecast has both upside and downside risks.

The base case forecast includes:

- An assessment of the additional Pillar Two Multinational Corporate Income Tax (MCIT) revenue that it is reasonable to assume will be raised from the largest financial services groups currently paying 10% CIT; and
- A prudent assessment of other tax revenue that may be raised from the implementation of the Pillar Two Income Inclusion Rule.

The base case forecast assumes no tax revenue is raised from previously 0% CIT groups in scope of Pillar Two, as it is difficult to determine with any degree of accuracy the level of profits that will be in scope of Pillar Two in Jersey.

**Figure B3: Pillar 2 forecast**

|                 | 2026      | 2027      | 2028      | 2029      | 2030     |
|-----------------|-----------|-----------|-----------|-----------|----------|
| £m              | Forecast  | Forecast  | Forecast  | Forecast  | Forecast |
| Summer 2025     | 49        | 48        | 52        | 55        | -        |
| Summer 2026     | 44        | 45        | 49        | 53        | 57       |
| <b>Variance</b> | <b>-5</b> | <b>-3</b> | <b>-3</b> | <b>-2</b> | <b>-</b> |

# Appendix C – Goods and Services (GST) Tax

## GST Summary

The IFG's Summer 2026 forecast for Goods and Services Tax (GST) re-estimates the forecast model with the FPP's Spring 2025 economic assumptions and outturn data. The updated GST forecast is summarised in Figure C1.

The IFG GST forecast is linked in the earnings model used to estimate Personal Income Tax forecast. Growth in the PIT forecast is feeding through directly to the GST forecast in the form of Economic data/assumptions.

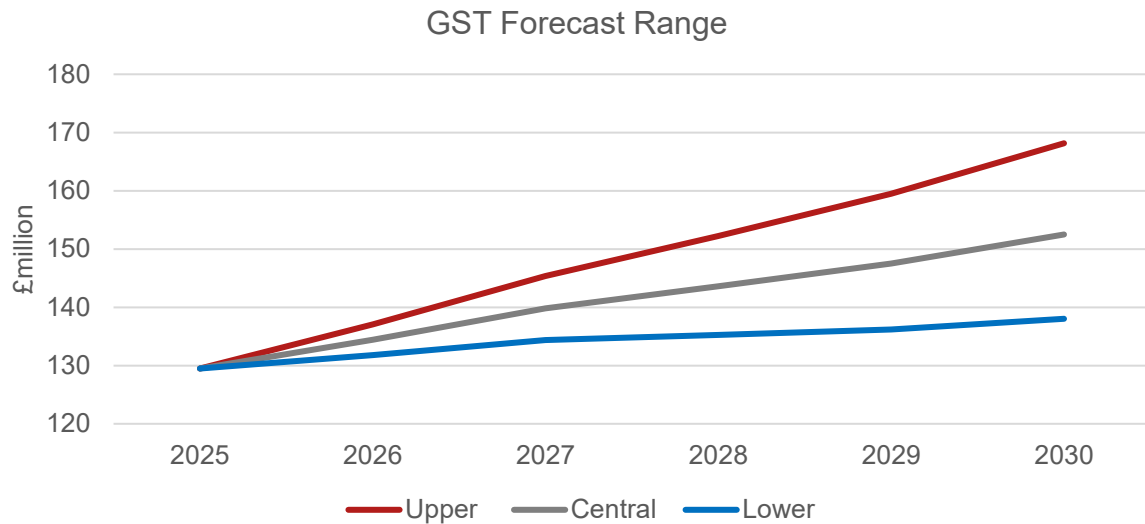
**Figure C1: Goods and Services Tax Summer 2026**

| £m                          | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|-----------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| <b>Summer 2025 Forecast</b> | <b>128</b>      | <b>132</b>       | <b>135</b>       | <b>138</b>       | <b>141</b>       | <b>-</b>         |
| GSTx outturn                | +2              | +2               | +2               | +2               | +2               | -                |
| ISE outturn                 | -               | -                | -                | -                | -                | -                |
| Economic data/assumptions   | -               | +1               | +3               | +4               | +5               | -                |
| <b>Summer 2026 Forecast</b> | <b>129</b>      | <b>134</b>       | <b>140</b>       | <b>144</b>       | <b>148</b>       | <b>153</b>       |
| Variance                    | +2              | +3               | +5               | +6               | +6               | -                |

## GST Range of Estimates

**Figure C2: Goods and Services Tax Range of Estimates**

| £m      | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|---------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Upper   | 129             | 137              | 145              | 152              | 159              | 168              |
| Central | 129             | 134              | 140              | 144              | 147              | 152              |
| Lower   | 129             | 132              | 134              | 135              | 136              | 138              |



## GST Forecast Methodology

The GST forecast models the relationship between GST excluding International Service Entity Fees (ISE Fees), denoted as GSTx, compensation of employees (CoE) and the tax rate. The forecast for GSTx is then added to the forecast for ISE fees. No changes to the model have been made for this version of the forecast.

# Appendix D – Impôts Duties

## Impôts Duties Summary

**Figure D1: Impôts Duties**

| £m                                     | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|----------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| <b>Summer 2025 Forecast</b>            | <b>68</b>       | <b>67</b>        | <b>68</b>        | <b>68</b>        | <b>69</b>        |                  |
| Alcohol                                | 21              | 21               | 21               | 22               | 22               | 23               |
| Fuel                                   | 25              | 25               | 25               | 26               | 26               | 27               |
| Tobacco                                | 15              | 15               | 14               | 13               | 12               | 11               |
| Customs Duty                           | 1               | 1                | 1                | 1                | 1                | 1                |
| Vehicle Emissions Duty                 | 3               | 3                | 3                | 3                | 3                | 3                |
| <b>Summer 2026 Forecast</b>            | <b>65</b>       | <b>65</b>        | <b>64</b>        | <b>65</b>        | <b>64</b>        | <b>65</b>        |
| Variance                               | -3              | -3               | -4               | -3               | -4               | -                |
| Vape (new)                             | -               | 0.5              | 0.9              | 0.9              | 0.9              | 0.9              |
| <b>Summer 2026 Forecast (inc Vape)</b> | <b>65</b>       | <b>65</b>        | <b>65</b>        | <b>66</b>        | <b>65</b>        | <b>65</b>        |

The IFG summer 2026 forecast has been updated using:

- 2025 outturn data;
- FPP economic assumptions 2026;
- measures agreed by the States Assembly in Budget 2025-2028; and
- supporting intelligence from industry,

Outturn for 2025 was -£3million (-3%) below previous forecast. Within this, total value of alcohol and tobacco imported was -£1.3million (-6%) and -£1.1million (-9%) lower than the IFG's expectations respectively. Fuel importation was marginally (+£0.3million) higher than expectations.

Reflecting lower than expected imports of alcohol and tobacco, alongside updated analysis of falling consumption trends, future import quantity forecasts for these goods have been revised downward.

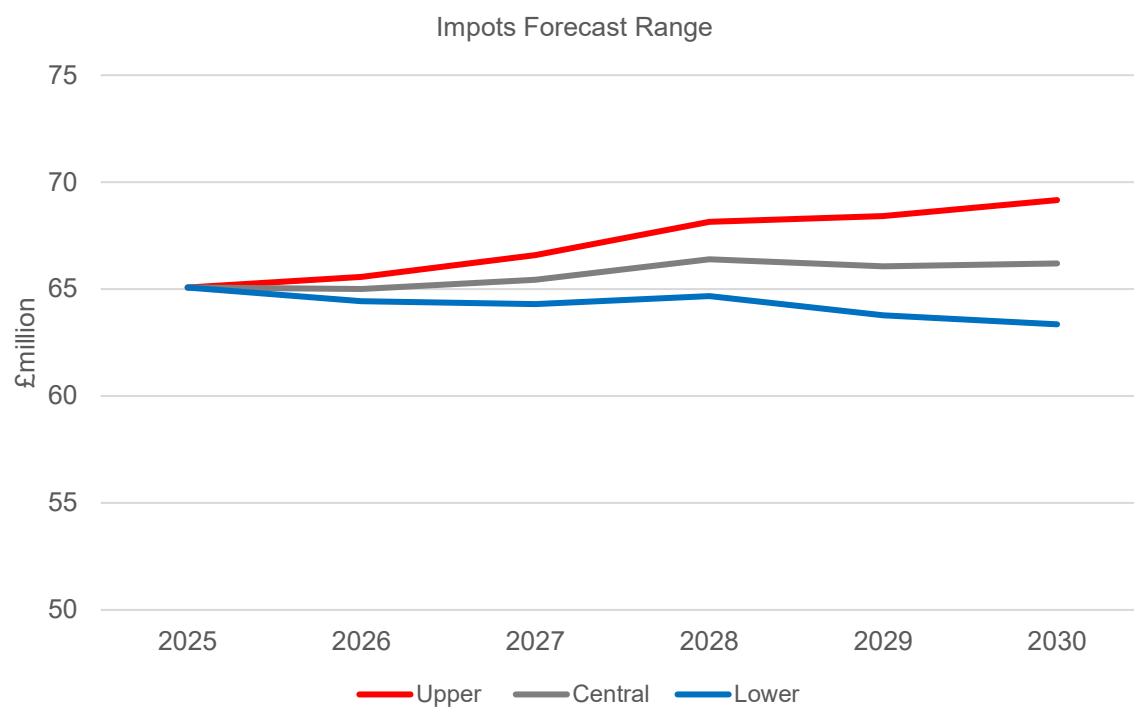
The effects of falling quantity forecasts is being partially offset by the higher FPP assumptions for inflation. Duty rates are linked to RPI in the preceding year and, as a result, will be higher than previously expected in 2027 and 2028.

## Impôts Duties Range of Estimates

**Figure D2: Impôts Range of Estimates**

| £m      | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|---------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Upper   | 65              | 66               | 66               | 68               | 68               | 69               |
| Central | 65              | 65               | 65               | 66               | 65               | 65               |
| Lower   | 65              | 64               | 63               | 64               | 63               | 62               |

Figure D3: FPP Impots Forecast



# Appendix E – Stamp Duty

## Stamp Duty Summary

Stamp Duty outturn for 2025 was £13.4million higher than forecast. The reason for this is a small number of high value, one-off transactions subject to either EPTT or Probate. Income for transactions below £2million was £1.4million (9%) higher than expected. Outturn for transactions above £2million was £2.8million (12%) higher than forecast, due to a number of high value property purchases occurring in year after the forecast had been produced.

The IFG has agreed to adjust its forecasting approach for transactions made by High Value Residents (HVR). Previously, a cautiously prudent approach was adopted to ensure income expectations were not overly inflated by the decision to increase the number of HVR approvals from 15 to 30 per year. In this forecast, further to recent experience, the IFG has assumed that there will be 30 HVR purchases of properties priced at an adjusted average to maintain an appropriate level of prudence. This has increased the Stamp Duty forecast for HVRs by £7.5million in each year from 2027 onwards.

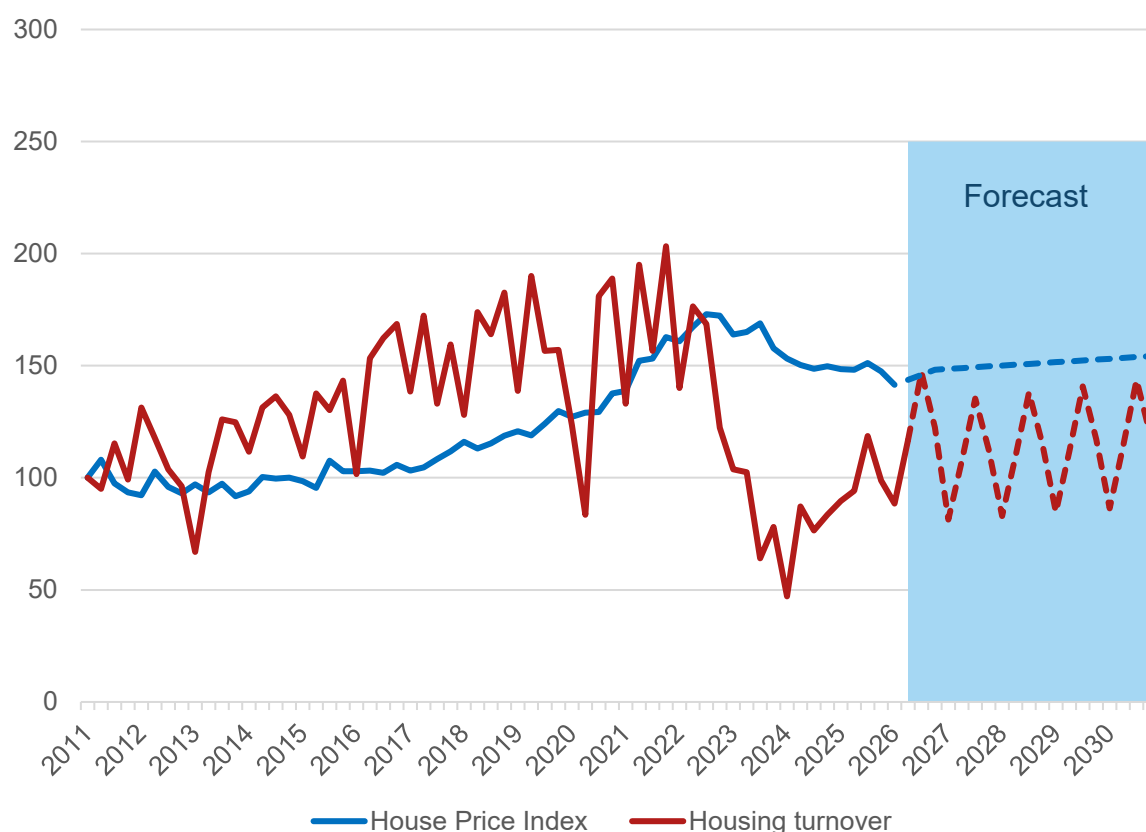
Changes to the forecast for transactions below £2million and sharehold purchases subject to LTT are as a result of updates to the FPP 2026 economic assumptions. Figure E2 reflects the FPP's expectations for house prices and housing transactions. Initially, higher projected transactions increase the forecast in 2026 as the FPP expect a 'backlog' of transactions to clear before returning to lower levels in 2027 and then increasing gradually to steady state levels in 2028. The FPP have decreased their trend forecast for house/flat price growth from 2% to 1% annually, reflecting their current assessment of the market. The net effect of the FPP's 2026 economic assumptions is positive in 2026 but negative thereafter.

The outturn for Buy-to-let transactions was £0.3m (16%) higher and has increased the forecast marginally. Forecasts for Wills, Probate and EPTT are held constant at the normal expected levels and are subject to outturn volatility caused by high value commercial or estate transfers.

**Figure E1: Stamp Duty Forecast**

| £m                          | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|-----------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| <b>Summer 2025 Forecast</b> | <b>50</b>       | <b>43</b>        | <b>47</b>        | <b>50</b>        | <b>54</b>        | <b>-</b>         |
| Transactions <£2m           | 16              | 20               | 19               | 19               | 20               | 21               |
| Transactions >£2m           | 28              | 25               | 23               | 23               | 23               | 23               |
| Wills                       | 2               | 2                | 2                | 2                | 2                | 2                |
| Probate                     | 5               | 3                | 3                | 3                | 3                | 3                |
| LTT                         | 3               | 4                | 4                | 4                | 4                | 4                |
| EPTT                        | 7               | 1                | 1                | 1                | 1                | 1                |
| Buy-to-let                  | 2               | 2                | 3                | 3                | 3                | 3                |
| <b>Summer 2026 Forecast</b> | <b>64</b>       | <b>57</b>        | <b>54</b>        | <b>55</b>        | <b>55</b>        | <b>56</b>        |

Figure E2: FPP Housing price Forecast



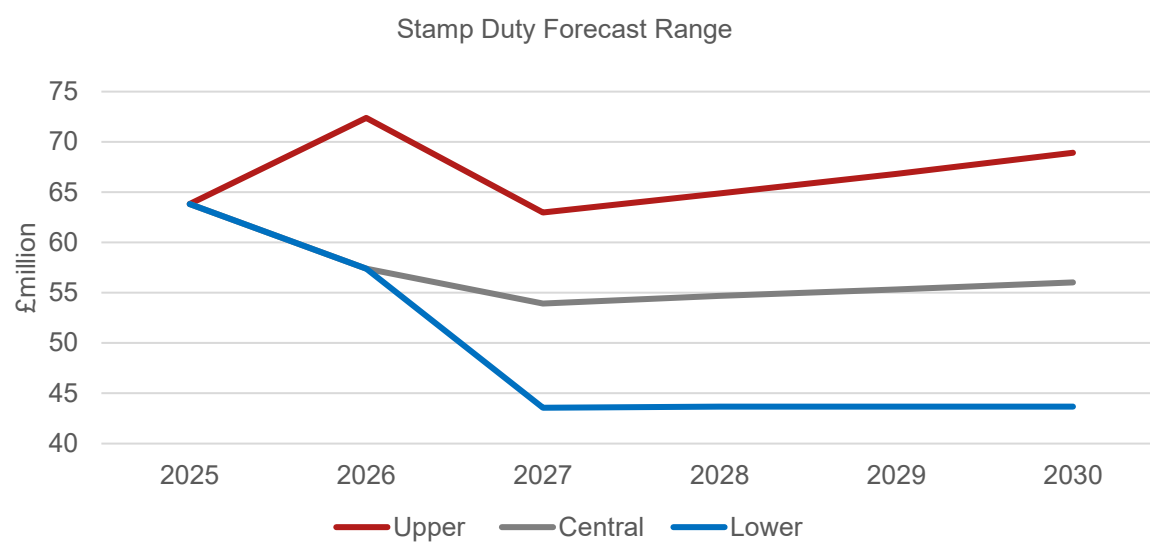
## Stamp Duty Range of Estimates

The IFG have prepared a range of estimates based on the variability to FPP assumptions regarding house prices and transactions, as well as a range of average purchase price for High Value Residents. The IFG forecasts incorporates current year outturns and notes the potential upside in the 2026 range of estimates. The 'lower' scenario remains level from 2027 as it assumes no nominal growth in house prices and no growth in annual transactions at an already reduced base.

Figure E3: Stamp Duty Range of Estimates

|         | 2025    | 2026     | 2027     | 2028     | 2029     | 2030     |
|---------|---------|----------|----------|----------|----------|----------|
| £m      | Outturn | Forecast | Forecast | Forecast | Forecast | Forecast |
| Upper   | 64      | 72       | 63       | 65       | 67       | 69       |
| Central | 64      | 57       | 54       | 55       | 55       | 56       |
| Lower   | 64      | 57       | 44       | 44       | 44       | 44       |

Figure E4: FPP Stamp Duty Forecast



# Appendix F – Other Income

## Other Income Summary

Other Income combines several income lines for the Government of Jersey which do not relate to taxation and charges. At a high level, these are:

- Island-wide rates (part of the rates system and collected by parishes).
- Income from dividends and returns (from States-owned entities).
- Non dividends (crown revenues, miscellaneous interest, fees and fines).
- Returns from Andium Homes.

The Summer 2025 forecast for other income was £90.2 million, compared with outturn of £71.7 million. The unfavourable variance to forecast is attributed to lower-than-expected dividend returns, with a £20 million shortfall in the JT dividend. The other income forecast for 2026 of £77.8 million, has been updated to reflect the current FPP economic assumptions and outturn data.

**Figure F1: Other Income Summary**

| £m                        | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|---------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Island Rate               | 18              | 18               | 19               | 20               | 20               | 21               |
| Dividends                 | 7               | 13               | 13               | 13               | 13               | 14               |
| Non-Dividends             | 20              | 19               | 24               | 19               | 20               | 20               |
| Andium Return             | 27              | 28               | 28               | 29               | 29               | 30               |
| <b>Total Other Income</b> | <b>72</b>       | <b>78</b>        | <b>84</b>        | <b>81</b>        | <b>82</b>        | <b>85</b>        |
| Previous Forecast         | 90              | 78               | 79               | 80               | 81               | -                |
| Variance £                | (18)            | -                | 5                | 1                | 1                | -                |

## Island-wide Rates

The projection for Island-wide rates takes the Retail Price Index for the given year and applies it to the previous year to reflect the forecast.

**Figure F2: Island-wide rates**

| £'000s            | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|-------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Island Rate       | 17,716          | 18,249           | 19,263           | 19,764           | 20,199           | 20,663           |
| Previous Forecast | 17,762          | 18,224           | 18,771           | 19,277           | 19,798           | -                |
| Variance £        | (46)            | 25               | 492              | 487              | 401              | -                |
| Variance %        | -0.3%           | 0.1%             | 2.6%             | 2.5%             | 2.0%             | -                |

## Dividends

The forecasts for dividends from both wholly or majority States owned entities are based on the following assumptions:

- Jersey Electricity Company – an inflationary increase in forecast dividends.
- Jersey Water – an inflationary increase in forecast dividends.
- JT Group – forecast dividend for 2026 of £5 million annually to 2030. 2025 outturn is £20 million lower than forecast with no dividend paid. This was due to JT being in the process of purchasing Manx Telecom.
- Jersey Post – forecast £400K dividend from 2026 with annual increases throughout forecast period.
- Ports of Jersey – continuing no forecast dividends for the period due to the projected investment in the Harbour and Airport.
- States of Jersey Development Company – continuing no forecast dividends for the period as all profits are being reinvested into future projects at South Hill and the Waterfront.

The dividends are paid according to the defined dividend policies and forecasts are prepared in line with the companies latest business models. In most cases the dividends are directly related to trading performance but can be affected by projects being undertaken.

**Figure F3: Other income - Dividends**

| £'000s                 | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Jersey Electricity     | 4,945           | 5,148            | 5,359            | 5,482            | 5,608            | 5,743            |
| Jersey Water           | 1,938           | 2,017            | 2,100            | 2,148            | 2,198            | 2,251            |
| SoJDC                  | -               | -                | -                | -                | -                | -                |
| Jersey Post            | -               | 400              | 582              | 657              | 672              | 688              |
| JT Group               | -               | 5,000            | 5,000            | 5,000            | 5,000            | 5,000            |
| Ports of Jersey        | -               | -                | -                | -                | -                | -                |
| <b>Total Dividends</b> | <b>6,883</b>    | <b>12,565</b>    | <b>13,041</b>    | <b>13,287</b>    | <b>13,478</b>    | <b>13,682</b>    |
| Previous Forecast      | 25,572          | 10,718           | 10,888           | 11,047           | 11,212           | -                |
| Variance £             | (18,689)        | 1,847            | 2,153            | 2,240            | 2,266            | -                |
| Variance %             | -73.1%          | 17.2%            | 19.8%            | 20.3%            | 20.2%            | -                |

## Non-Dividends

Non dividends include other types of income, including investment returns on the Consolidated Fund and Currency Fund. It also includes tax penalties, miscellaneous fines, returns from the Jersey Financial Services Commission and Crown Revenue.

The forecasts for returns on the Consolidated Fund and Jersey Currency Fund are based on the following:

- In projecting returns a conservative assumption of a stable core value of currency in circulation value at c. £80m has been applied. Given both relatively high inflation and the value of historic notes included in circulation, we believe this is an appropriately prudent assumption, though the position will be monitored carefully.
- The Currency Fund is invested, in line with its published Investment Strategy.

- The previous forecast for the Currency Notes Fund was calculated during a period of economic turmoil with significant inflation, higher interest rates have provided improved returns, however these are offset by conservative assumptions about core currency in circulation. The current forecast for the Currency Notes return includes an increased drawdown in 2027 due to the accumulated surplus within the fund, following confirmation that sufficient reserves have been retained to meet the Fund's obligations for the repayment of currency in issue in accordance with legislative requirements.
- The Consolidated Fund is expected to hold only minimal cash balances, based on timing differences between receipts and payments.

The forecast for tax penalties has improved due to higher outturn data and better than expected collections from incremental late filing penalties.

**Figure F4: Non-Dividends**

| £'000s                     | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|----------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Currency Notes Return      | 4,000           | 4,000            | 9,000            | 4,200            | 4,500            | 4,500            |
| Tax Penalties              | 6,749           | 6,800            | 6,800            | 6,800            | 6,800            | 6,800            |
| Miscellaneous Loans        | 699             | 404              | 397              | 374              | 346              | 316              |
| Miscellaneous Fines        | 374             | 321              | 346              | 310              | 305              | 283              |
| JFSC                       | 6,641           | 6,346            | 6,593            | 6,840            | 7,088            | 7,335            |
| OFCOM income               | 575             | 565              | 598              | 630              | 662              | 695              |
| Crown Revenue              | 304             | 313              | 321              | 331              | 341              | 351              |
| <b>Total non-dividends</b> | <b>19,342</b>   | <b>18,749</b>    | <b>24,055</b>    | <b>19,485</b>    | <b>20,042</b>    | <b>20,280</b>    |
| Previous Forecast          | 19,858          | 19,912           | 19,802           | 19,893           | 20,117           | -                |
| Variance £                 | (516)           | (1,163)          | 4,253            | (408)            | (75)             | -                |
| Variance %                 | -2.6%           | -5.8%            | 21.5%            | -2.1%            | -0.4%            | -                |

## Return from Andium Homes

The returns from Andium Homes arise from the incorporation of the housing function in July 2014. Andium is obliged to make a return based on the transfer agreement and an agreed rental and return policy.

The Andium return forecast has been adjusted to reflect agreements with Andium in respect of the Gas Place site, Willows Day care centre and landlord licensing.

**Figure F5: Andium Return**

| £'000s                   | 2025<br>Outturn | 2026<br>Forecast | 2027<br>Forecast | 2028<br>Forecast | 2029<br>Forecast | 2030<br>Forecast |
|--------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Return from Andium Homes | 26,721          | 28,023           | 28,144           | 28,632           | 29,020           | 29,564           |
| Previous Forecast        | 27,053          | 28,773           | 29,266           | 29,689           | 30,292           | -                |
| Variance £               | (332)           | (750)            | (1,122)          | (1,057)          | (1,272)          | -                |
| Variance %               | -1.2%           | -2.6%            | -3.8%            | -3.6%            | -4.2%            | -                |

## Other Income Range of Estimates

The other income forecast has been prepared based upon the FPP economic assumptions with additional consideration by IFG.

Due to the uncertainties that may be expected around the forecast, a central forecast of other income has been considered within an illustrative range. For other income the main economic driver is RPI, this has been considered within an estimate upper and lower range on the FPP economic assumptions. The range is shown below:

| <b>Figure F6: Range of Other Income Forecast</b> |                         |                          |                          |                          |                          |                          |
|--------------------------------------------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>£m</b>                                        | <b>2025<br/>Outturn</b> | <b>2026<br/>Forecast</b> | <b>2027<br/>Forecast</b> | <b>2028<br/>Forecast</b> | <b>2029<br/>Forecast</b> | <b>2030<br/>Forecast</b> |
| Upper Scenario                                   | 72                      | 79                       | 81                       | 83                       | 85                       | 86                       |
| Central Forecast                                 | 72                      | 78                       | 79                       | 81                       | 82                       | 85                       |
| Lower Scenario                                   | 72                      | 76                       | 78                       | 80                       | 81                       | 83                       |

# Appendix G – Social Security and Long-Term Care Contributions

Contributions paid into the Social Security Fund are used for the purpose of providing the funds required for paying social benefits payments, such as the old age pension and incapacity benefit. Contributions paid into the HIF for the purpose of paying medical and pharmaceutical benefits. LTC contributions are collected for the purpose of paying out benefits and expenditure relating to the provision of long-term care.

Forecasts have been prepared based on the FPP economic assumptions.

## Social Security Contributions

Social security contributions are received under the following 3 classes of contributions.

- a. Class 1 contributions, which include;
  - i. employed persons' primary class 1 contributions, and;
  - ii. employers' secondary class 1 contributions.
- b. Class 2 contributions which are either full rate or reduced rate contributions.

The contributions model is updated based on outturn data, economic assumptions provided by the FPP are then applied to the outturn data to adjust for earnings and employment. An adjustment is made for the annual uplift in earning limits and a further adjustment for assumptions of unemployment levels.

An element of total social security contributions shown below is also paid into the Health Insurance Fund.

**Figure G1: Social Security Contributions**

|             | 2025    | 2026     | 2027     | 2028     | 2029     | 2030     |
|-------------|---------|----------|----------|----------|----------|----------|
| £m          | Outturn | Forecast | Forecast | Forecast | Forecast | Forecast |
| Summer 2025 | 323     | 339      | 352      | 364      | 376      | -        |
| Summer 2026 | 325     | 340      | 357      | 371      | 384      | 397      |
| Variance    | +2      | +1       | +5       | +7       | +8       | -        |

## Long-Term Care Contributions

Every insured person who pays income tax, pays into the long-term care fund with a long-term care contribution. The long-term care contribution is based on personal income tax and is therefore a function of changes to personal income tax forecasts.

The long-term care forecast is based on outturn data for the 2023 year-of-assessment and then adjusted in line with the year-on-year change in the personal income tax forecast.

The methodology of the forecast in personal income tax is described in Appendix A.

**Figure G2: Long-Term Care Contributions**

|             | 2024    | 2025     | 2026     | 2027     | 2028     | 2029     | 2030     |
|-------------|---------|----------|----------|----------|----------|----------|----------|
| £m          | Outturn | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Summer 2025 | 45      | 47       | 49       | 51       | 53       | 56       | -        |
| Summer 2026 | 45      | 47       | 50       | 52       | 55       | 57       | 60       |
| Variance    | 0       | +1       | +1       | +1       | +1       | +1       | -        |

# Appendix H – Terms of Reference

## Purpose

The group is established as an advisory function on the forecasts of all States income from taxation and social security contributions which will be informed by economic assumptions produced by the FPP with additional forecasts for other States income prepared by Treasury officers.

## Objectives

To produce an absolute minimum of one forecast each year. A full review of States tax, social security contributions and duty revenue forecasts will take place following the provisional outturn and no later than May of each year.

A further forecast (if needed) to inform the Budget (Government Plan) debate, including any revised economic assumptions and experience from the current year actual revenues.

To produce reports on the forecasts of States income from taxation and social security contributions, including:

- Forecasts for income tax revenues;
- Forecasts for goods and services tax and ISE Fees;
- Forecasts for impôts duties;
- Forecasts for stamp duties;
- Forecasts for social security contributions;
- Forecasts for long-term care contributions;
- Forecasts for other States income;
- Economic assumptions used; and
- Factors and risks that should be considered.

The forecasts will cover a period of at least four years and include a range within which a central forecast can be applied.

## Reporting

The reports will be presented to the Treasury and Resources Minister in advance of the Council of Ministers consideration. Once a report is approved by the Treasury and Resources Minister it will be published alongside the Budget (Government Plan). Other reports can be prepared on the request of the Treasury and Resources Minister.

## Administration

All meetings will be minuted with agreed actions.

Quorum – at least six members be present for the meetings to be considered quorate. In exceptional circumstances a delegate may be appointed by an official, however external members cannot delegate. Quarterly internal review meetings will also be held.

Any variations to the group membership once established, are to be agreed by the Treasury and Resources Minister or Chief Minister.

It will be the responsibility of the Chief Executive and Treasurer of the States to ensure that the group has sufficient resources to fulfil its responsibilities.

## Group Membership

The members of the group are:

Treasurer of the States (Chair)

Chief Officer of Employment, Social Security and Housing

Chief Officer of the Department for the Economy

Comptroller of Revenue

Deputy Comptroller of Revenue

Group Director Strategic Finance

Chief Economic Adviser

GoJ Economist

At least two external members appointed by the Treasury and Resources Minister.

The meetings of the group may be attended by the following officers in a supporting role:

Head of Financial Planning (secretary)

Revenue Accountant

Tax Policy Unit Officer

The group will invite other officers and external advisers to attend as appropriate which will be documented.

The group will operate independent of any political influence.