

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2022- 2025 (P.90/2021): TWENTY-SECOND AMENDMENT (P.90/2021 AMD. (22)) – AMENDMENT

**Lodged au Greffe on 7 December 2021
by the Minister for Treasury and Resources**

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2022-2025 (P.90/2021): TWENTY-
SECOND AMENDMENT (P.90/2021 AMD. (22)) – AMENDMENT

1 PAGE 2, PART 1 –

After the words “the proposed taxation and impôts duties changes to include the introduction,” delete the word “following” and insert the words “subject to” and after the words “following a review by the Minister for Treasury and Resources and no later than” delete the date “31st December 2022” and insert the date “1st January 2024”.

2 PAGE 2, PART 2 –

After the words “this review will conclude in 2022.” there shall be inserted the words “Subject to the outcome of this review, the Minister for Treasury and Resources will propose a higher rate of Stamp Duty for ‘Buy to Let’ investment properties, second homes and holiday homes no later than 1st January 2024.”.

MINISTER FOR TREASURY AND RESOURCES

Note: After this amendment, the 22nd amendment would read as follows –

1 PAGE 2, PARAGRAPH (a) –

After the words “Article 9(2)(a) of the Law” insert the words –

“, with the proposed taxation and impôts duties changes to include the introduction, subject to a review by the Minister for Treasury and Resources and no later than 1st January 2024, of a higher Stamp Duty rate for ‘Buy to Let’ investment properties, second homes and holiday homes”.

2 PAGE 3, PARAGRAPH (I) –

After the words “to the Report” insert the words –

“, except that, on page 155 of Appendix 3, after the words “this review will conclude in 2022.” there shall be inserted the words “Subject to the outcome of this review, the Minister for Treasury and Resources will propose a higher rate of Stamp Duty for ‘Buy to Let’ investment properties, second homes and holiday homes no later than 1st January 2024.”, in addition to any further changes to Appendix 3 identified as required by the Council of Ministers to reflect the implementation of such a policy”.

THE STATES are asked to decide whether they are of opinion –

- a. to approve the estimate of total States income to be paid into the Consolidated Fund in 2022 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, with the proposed taxation and impôts duties changes to include the introduction, subject to a review by the Minister for Treasury and Resources and no later than 1st January 2024, of a higher Stamp Duty rate for ‘Buy to Let’ investment properties, second homes and holiday homes;
1. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2022-2025, as set out at Appendix 3 to the Report, except that, on page 155 of Appendix 3, after the words “this review will conclude in 2022.” there shall be inserted the words “Subject to the outcome of this review, the Minister for Treasury and Resources will propose a higher rate of Stamp Duty for ‘Buy to Let’ investment properties, second homes and holiday homes no later than 1st January 2024.”, in addition to any further changes to Appendix 3 identified as required by the Council of Ministers to reflect the implementation of such a policy.

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2022 – 2025 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- a. to approve the estimate of total States income to be paid into the Consolidated Fund in 2022 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, with the proposed taxation and impôts duties changes to include the introduction, subject to a review by the Minister for Treasury and Resources and no later than 1st January 2024, of a higher Stamp Duty rate for ‘Buy to Let’ investment properties, second homes and holiday homes;
- b. to approve the Changes to Approval for financing/borrowing for 2022, as shown in Appendix 2 – Summary Table 3 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approvals;
- c. to approve the transfers from one States fund to another for 2022 of up to and including the amounts set in Appendix 2 – Summary table 2 to the Report, noting that the transfer from the Consolidated Fund to the Technology Fund is subject to the Assembly’s approval of a proposition to create such a Fund in 2022, in line with Article 9(2)(b) of the Law;

- d. to approve each major project that is to be started or continued in 2022 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;
- e. to endorse the efficiencies and other re-balancing measures for 2022 contained in the Government Plan as set out in Appendix 2 Summary Table 6 and reflected within each gross head of expenditure in Appendix 2 – Summary Table 5(i);
- f. to approve the proposed amount to be appropriated from the Consolidated Fund for 2022, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report;
- g. to approve up to £480 million to be appropriated from the Consolidated Fund for the Past Service Pension Liabilities Refinancing head of expenditure, subject to the availability of funding, which may include, in full or in part, use of the borrowing/financing referred in paragraph (b);
- h. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2022 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- i. to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2022 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 8 to the Report;
- j. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2022 as set out in Appendix 2 – Summary Table 9 to the Report;
- k. to approve an amendment to the policy of the Strategic Reserve Fund to enable that Fund to be used as a holding Fund for any or all monies related to the repayment of debt raised through external financing, with the monies used to offset the repayment of debt, as and when required; and
- l. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2022-2025, as set out at Appendix 3 to the Report, except that, on page 155 of Appendix 3, after the words “this review will conclude in 2022.” there shall be inserted the words “Subject to the outcome of this review, the Minister for Treasury and Resources will propose a higher rate of Stamp Duty for ‘Buy to Let’ investment properties, second homes and holiday homes no later than 1st January 2024.”, in addition to any further changes to Appendix 3 identified as required by the Council of Ministers to reflect the implementation of such a policy.

REPORT

A comprehensive review of Stamp Duty and Land Transaction Tax is already proposed in the Government Plan 2022-2025, and the outcome of this review should not be pre-determined. It is not possible at this stage to conclude that an additional tax rate on 'buy to let', second homes and holiday homes is appropriate before the review has even begun. However, the changes proposed will form part of that wider review.

The majority of work required for the proposed review is expected to take place during 2022, with consultation taking place in 2023 and the lodging of any draft legislation no later than 31 December 2023. In light of the significant changes being considered, a significant level of public and business engagement is fully warranted. The economic and social impact of this measure must also be carefully considered. An economic impact assessment and public engagement on the proposed measures will need to be undertaken.

As 2022 is an election year, the Government Plan timelines mean it is not possible for the introduction of the proposed changes to be implemented by 31 December 2022, and we therefore propose a more realistic timeframe.

Financial and manpower implications

There are no financial or manpower implications past those outlined in the Twenty-Second Amendment except – if Amendment 22 were passed unamended - the need to re-deploy resources from existing tax-policy development work (including the wider Stamp Duty review) in order to form a team to bring forward implementation of Amendment 22.