

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2023- 2026 (P.97/2022): EIGHTH AMENDMENT

STAMP DUTY ON WILLS OF IMMOVABLE ESTATE

Lodged au Greffe on 24th November 2022
by Deputy M.B. Andrews of St Helier North
Earliest date for debate: 12th December 2022

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2023-2026 (P.97/2022) EIGHTH
AMENDMENT

PAGE 2, PARAGRAPH (i) –

After the words “Appendix 3 to the Report” insert the words –

“, except that on page 33 of Appendix 3, after the words “relatively short period of time.” there should be inserted a new section as follows –

“Stamp Duty on immovable property

Stamp Duty is made payable on immovable property upon the discharge of a will in line with Item 46 of Schedule 1 (3) of the [Stamp Duty and Fees \(Jersey\) Law 1998](#), made payable on the net value of immovable property at the time of death of the Testator. The current proportioned Stamp Duty rates on immovable property range from £250 to £429,500 on market value bands ranging from £50,000 to £6,000,000. In appraising the current Stamp Duty rate against market values on immovable properties it has been proposed that the Stamp Duty rates remain disproportionately low to immovable property market values.

To ensure the broadening of revenue raising streams, Stamp Duty on immovable property upon the discharge of a will shall be increased, no later than 1st January 2024, by raising the Stamp Duty rate bands by one-third in addition to a 0.5 percent increase to the existing proportioned charges.”

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 2023–2026 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 2023 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;
- (b) to approve the proposed Changes to Approval for financing/borrowing for 2023, as shown in Appendix 2 – Summary Table 2 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 2023 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law;
- (d) to approve each major project that is to be started or continued in 2023 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 approve the proposed amount to be appropriated from the Consolidated Fund for 2023, 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;
- (f) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2023 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;
- (g) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2023 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (h) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2023 as set out in Appendix 2 – Summary Table 8 to the Report; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2023-2026, as set out at Appendix 3 to the Report, except that on page 33 of Appendix 3, after the words “relatively short period of time.” insert a new section as follows:

“Stamp Duty on immovable property

Stamp Duty is made payable on immovable property upon the discharge of a will in line with Item 46 of Schedule 1 (3) of the Stamp Duty and Fees (Jersey) Law 1998, made payable on the net value of immovable property at the time of death of the Testator. The current proportioned Stamp Duty rates on immovable property range from £250 to £429,500 on market value bands ranging from £50,000 to £6,000,000. In appraising the current Stamp Duty rate against market values on immovable properties it has been proposed that the Stamp Duty rates remain disproportionately low to immovable property market values.

To ensure the broadening of revenue raising streams, Stamp Duty on immovable property upon the discharge of a will shall be increased, no later than 1st January 2024, by raising the Stamp Duty rate bands by one-third in addition to a 0.5 percent increase to the existing proportioned charges.”.

REPORT

Stamp Duty is made payable on immovable property upon the discharge of a will in line with Item 46 of Schedule 1 (3) of the [Stamp Duty and Fees \(Jersey\) Law 1998](#) (“the Law”), this is made payable on the net value of immovable property at the time of death of the Testator.

My amendment to the Government Plan seeks the Assembly’s in principle agreement to raise the bands for which Stamp Duty on immovable property upon the discharge of a will is calculated and increase the charge by 0.5 percent for each band.

As this increase is not included within the Proposed Government Plan ([P.97/2022](#)) and the associated Draft Finance (2023 Budget) (Jersey) Law 202- ([P.102/2022](#)) it will require a further legislative amendment to be lodged by the Minister for Treasury and Resources.¹ A potential draft of this legislative alteration has been formed and is attached as an appendix to this report for consideration by the Minister should this amendment be adopted.

Current Charge

Currently, there are ten different Stamp Duty rates on immovable property under the Law (Stamp Duty rates). The current proportioned Stamp Duty rates on immovable property range from £250 to £429,500 on market value bands ranging from £50,000 to £6,000,000. In appraising the current Stamp Duty rates against market values on immovable properties; the Stamp Duty rates remain disproportionately low compared to immovable property market values:

- £250 (0.50 percent) in stamp duty is made payable on a £50,000 market value
- £4,000 (1.33 percent) in stamp duty is made payable on a £300,000 market value
- £8,000 (1.60 percent) in stamp duty is made payable on a £500,000 market value
- £14,000 (2 percent) in stamp duty is made payable on a £700,000 market value
- £24,500 (2.45 percent) in stamp duty is made payable on a £1,000,000 market value
- £47,500 (3.16 percent) in stamp duty is made payable on a £1,500,000 market value
- £74,500 (3.72 percent) in stamp duty is made payable on a £2,000,000 market value
- £144,500 (4.81 percent) in stamp duty is made payable on a £3,000,000 market value
- £429,500 (7.15 percent) in stamp duty is made payable on a £6,000,000 market value

Implicit rent and income savings

I believe it is justified to increase Stamp Duty rates under the Law because quantitative data shows that the amount of Stamp Duty generated on immovable property upon the

¹ [Public Finances \(Jersey\) Law 2019, Article 11 \(4\)](#)

discharge of a will between 2012-21 is rather diminutive. I have recently questioned the amount of Stamp Duty paid under Item 46 of Schedule 1 (3) of the Law,² and have been provided with the following figures:

Year	Amount of stamp duty paid
2012	£858,000
2013	£540,000
2014	£871,000
2015	£1,690,000
2016	£981,000
2017	£654,000
2018	£831,000
2019	£1,079,000
2020	£804,000
2021	£2,140,000

It could be suggested that where property owners have an implicit rent; savings are more inclined to accumulate which will allow individuals to afford the proposed Stamp Duty increases unless there is a shortage of disposable cash savings. In this case assets could be discharged to afford Stamp Duty payments.

Over-reliance on personal income taxation

I have been concerned with the over-reliance on personal income taxation having been informed by Treasury Officers that this accounted for 49 percent of overall government revenue in 2021. This is over 23 percent above the OECD average.

I am therefore bringing forward this amendment to the Government Plan 2023-26 to ensure revenue can be broadened by increasing the proportioned Stamp Duty rates by one-third in addition to a 50 pence increase for any £100 or part of £100 in excess thereof. Under my proposed Stamp Duty rates the following increases in Stamp Duty will be made payable against immovable property market values:

Market Value	Stamp Duty on market values
£66,500	£665
£400,000	£7,335
£665,000	£13,960
£931,000	£23,270
£1,330,000	£39,230
£1,995,000	£72,480
£2,660,000	£112,380
£3,990,000	£212,130
£7,980,000	£611,130

Financial and manpower implications

I have been informed that it is not possible to cost the financial impact of this amendment, as Stamp Duty on the registration of wills of immovable estate is based on each individual application, with the different number and types compounding the

² [WQ. 172/2022](#)

difficulty of calculation. However, it has been confirmed that there would be no change to either the LTT or EPTT forecasts as a result of this amendment.

Appendix

If adopted, the amendment to the Proposed Government Plan will require a consequential amending legislation to be proposed by the Minister for Treasury and Resources. The following is a potential draft of the amendment should it be lodged to the Draft Finance (2023 Budget) (Jersey) Law 202-:

DRAFT FINANCE (2023 BUDGET) (JERSEY) LAW 202- (P.102/2022): ## AMENDMENT

PAGE 41, ARTICLE 50 –

After sub-paragraph (b) insert –

“(c) in item 46 of the table in paragraph 3 in entry (1) for entries (a) to (j) there is substituted –

“(a) does not exceed £66,500	£1 each £100 or part of £100, with a minimum fee of £12	Application	Greffier
(b) exceeds £66,500 but does not exceed £400,000	£665 in respect of the first £66,500, plus £2 for each £100 or part of £100 in excess thereof	Application	Greffier
(c) exceeds £400,000 but does not exceed £665,000	£7,335 in respect of the first £400,000 plus £2.50 for each £100 or part of £100 in excess thereof	Application	Greffier
(d) exceeds £665,000 but does not exceed £931,000	£13,960 in respect of the first £665,000, plus £3.50 for each £100 or part of £100 in excess thereof	Application	Greffier
(e) exceeds £931,000 but does not exceed £1,330,000	£23,270 in respect of the first £931,000, plus £4 for each £100 or part of £100 in excess thereof	Application	Greffier
(f) exceeds £1,330,000 but does not exceed £1,995,000	£39,230 in respect of the first £1,330,000 plus £5 for each £100 or part of £100 in excess thereof	Application	Greffier
(g) exceeds £1,995,000 but does not exceed £2,660,000	£72,480 in respect of the first £1,995,000 plus £6 for each £100 or part of £100 in excess thereof	Application	Greffier

(h)	exceeds £2,660,000 but does not exceed £3,990,000	£112,380 in respect of the first £2,660,000 plus £7.50 for each £100 or part of £100 in excess thereof	Application	Greffier
(i)	exceeds £3,990,000 but does not exceed £7,980,000	£212,130 in respect of the first £3,990,000 plus £10 for each £100 or part of £100 in excess thereof	Application	Greffier
(j)	exceeds £7,980,000	£611,130 in respect of the first £7,980,000 plus £11 for each £100 or part of £100 in excess thereof	Application	Greffier”.