

21.12.13

2 Deputy G.P. Southern of St. Helier of the Minister for Treasury and Resources regarding capital gains in Jersey (OQ.246/2021):

Will the Minister state what proportion of capital gains in Jersey arises from the sale of small businesses compared to that generated by the sale of second homes or shares, for example; and will she seek to introduce measures to ensure that the revenue generated for individuals who become so-called “super-gainers” via business sales is captured in terms of income tax and social security contributions?

Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):

The Government does not collect data about capital gains arising in Jersey from any source. This is because Jersey does not tax capital gains. The taxation of revenue arising from increases in capital values would not be subject to income tax nor social security contributions. Income tax is charged at 20 per cent on income arising from property rental, regardless of how it is held. The Government has no plans to introduce any form of capital gains tax. I hope this answers the questioner’s question.

3.2.1 Deputy G.P. Southern:

Would the Minister not be better advised to rate capital gains tax at zero and thereby find out how much is being squirrelled away, avoiding income tax and social security contributions? Would that not be a useful piece of information that we could get from that sort of mechanism?

Deputy S.J. Pinel:

I am advised it would be very difficult to construct a form of capital gains tax, which was simply focused on small businesses deriving profits from property or which targeted owners of second and holiday homes. With everything else going on at the moment, it would be very difficult to conduct the review that the questioner is asking.

3.2.2 Senator S.Y. Mézec:

Given the presumably immense amounts of wealth that are generated by these completely untaxed capital gains for a small number of people in our community and the Government’s stated commitment to reduce income inequality, does the Minister not consider that conducting some sort of exercise to investigate how this is happening in our community and what gains are being made would be a worthwhile exercise?

Deputy S.J. Pinel:

I think as the Senator and other questioner is aware, we are starting to do a massive stamp duty review under which will be included some of the questions asked by the Senator. I must point out that any capital gains tax would have a serious effect on the finance industry, which would have to be of course taken into consideration.

3.2.3 Deputy G.P. Southern:

Would the Minister not agree that it would be a useful thing to know how much wealth is being generated by these super-gainers in order that we could judge better the state of our economy, including capital gains set at 0 per cent?

Deputy S.J. Pinel:

I think I have already answered that question and there is no intention whatsoever at the moment to introduce, examine or consult on the introduction of capital gains tax.