



States Greffe

Deputy Ian Gorst  
Minister for Treasury and Resources  
19-21 Broad Street  
St Helier  
Jersey  
JE2 3RR

**BY E-MAIL**

17<sup>th</sup> November 2022

Dear Minister,

## **Corporate Services Scrutiny Panel**

### **Urgent - Government Plan 2023-26 Review – Stakeholder Submission – Stamp Duty**

As part of the Panel's review of the Government Plan 2023-26, the Panel has received a submission highlighting significant concerns with regard to the proposed changes to stamp duty as reflected within the Draft Finance (2023 Budget) (Jersey) Law 202-. Please see the full submission that has been published on the Panel's [review page](#) to inform your response.

It is noted within the submission received that the Draft Finance (2023 Budget) (Jersey) Law 202- notes the following:

*Following the States' adoption of an amendment to Government Plan 2022-25 brought forward by the Corporate Services Scrutiny Panel, proposals have been developed to charge higher rates of Stamp Duty on the purchase of properties that are acquired for any purpose other than to be used as a person's main residence. This includes buy-to-let properties, second homes, and holiday homes. The higher rate will also be applied to relevant transactions subject to Land Transactions Tax ('LTT') and Enveloped Property Transactions Tax ('EPTT').*

In addition, that the previous Corporate Services Scrutiny Panel's amendment to the Government Plan 2022-25 ([P.90/2021 Amd.22](#)) proposed the following:

*This amendment seeks to raise reasonable tax revenue from those purchasing "Buy to Let" investment properties, second homes and holiday homes by applying a higher rate of Stamp Duty and Land Transaction Tax (LTT) on this category of property purchase. Definitions of these can be stated as:*

- A. Buy to Let – Purchasing a property specifically to let (rent) out*
- B. Second home – Any residential property other than a main residence*
- C. Holiday home – A home that people own in order to holiday in and that is in a different location to the home they usually live in.*

In the context of the above the following concerns have been raised:


- The scope of the amendment has been expanded without explanation resulting in the Draft Finance (2023 Budget) (Jersey) Law 202- deviating substantially from the originally agreed mandate
- The Draft Finance (2023 Budget) (Jersey) Law 202-, if approved, would impact transactions that were not envisaged when the matter was debated and agreed by the States Assembly, including (but not limited to):
  1. Inheritance of property by a person who already owns a property
  2. Shared equity, in that the owner of part of the equity (for example, Andium, would not meet the criteria to avoid paying additional duty)
  3. Joint ownership between family members (for example joint ownership with parents and children to enable the children to be able to afford to buy a Jersey property)
  4. Family ownership (for example, properties bought with the intention of allowing elderly parents or children to reside independently in the property)
  5. Property developers acquiring properties to refurbish and sell on
  6. Mixed property acquisitions where the intention is to construct a main residence and a second property
  7. Property developers buying a property with the view of creating new dwellings (for example the acquisition of a house on a large site that would be demolished to build (say) 15 affordable homes).
  8. Persons moving to the island
  9. Persons utilising bridging finance
  10. Single properties but having dual title deeds; and
  11. Persons acquiring property that needs refurbishment before they are able to occupy it as their main dwelling
- Transactions 2, 5, 6 and 7 (as noted above) would not assist in Jersey property being made more affordable
- Property developers have not been specifically excluded, which would have met the original remit and would directly assist Revenue Jersey in relation to determining whether purchasers were investing or trading in property
- We would have expected, where there is any uncertainty, for payment to be made and on satisfaction of the relevant criteria (for example, residing in a property for a set amount of time or inhabiting a property after refurbishment) for a refund to be claimed
- The language used in the Draft Finance (2023 Budget) (Jersey) Law 202- is open to interpretation and requires further clarity
- The changes proposed under Paragraph 47 Article 1 (Interpretation) raises a number of concerns in respect of the terminology used, and as such further clarity is required
- The Draft Finance (2023 Budget) (Jersey) Law 202- makes no reference to any timeframe for “occupation” as outlined under Paragraph 47 Article 1 (Interpretation)
- Further clarity is required regarding the impact of the Draft Finance (2023 Budget) (Jersey) Law 202- on persons relocating to Jersey
- Although some anti-avoidance provisions are included within the Draft Finance (2023 Budget) (Jersey) Law 202-, there is no detail of how these would be applied and to which types of transactions
- A blanket anti-avoidance provision is not helpful as it would simply increase disputes and add to costs
- The delay of the Stamp Duty Review is concerning as the Draft Finance (2023 Budget) (Jersey) Law 202- requires updating to reflect modern practices and standards
- Encouraging the retention of property through companies does not align with Jersey’s portrayal of itself as transparent and compliant world-leading jurisdiction

- Within other jurisdictions (UK and OECD) concern has been raised regarding the disclosure of ultimate beneficial ownership

The Panel has endeavoured to highlight the key concerns raised within the submission, however, please refer to the [published submission](#) when responding as the Panel would appreciate a comprehensive response on all of the concerns highlighted.

Considering the timeframe available to the Panel in respect of its review of the Government Plan 2023-26 and the accompanying Draft Finance (2023 Budget) (Jersey) Law 202-, the Panel requests to receive this information via a formal written response by no later than **midday on Monday 21st November 2022**. Please be advised that it is the intention of the Panel to publish any response received on the States Assembly Website.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sam Mézec', is written over a horizontal dashed line.

**Deputy Sam Mézec**  
**Chair**  
**Corporate Services Scrutiny Panel**