

Deputy P D J Ryan
Chairman
Corporate Services Panel
Scrutiny Office
States Greffe
Morier House
St Helier
Jersey JE1 1DD

16 April 2008

Dear Deputy Ryan

Stamp duty on share transfer transaction

We refer to your letter dated 14 March 2008 inviting comment on the above Law and detail below our concerns and observations:

We consider that it is an unreasonable approach to penalise residential properties only. If the Law is aimed solely at residential transactions and more particularly the 'Investor', we would suggest, that commercial property should also be included to provide an even tax to all share transfer transactions as Investors are just as likely to acquire commercial property.

We consider that inflationary relief should be provided to the first time buyer and all properties below the current average value of first time buyer properties should be exempt from the duty.

At a time where mortgage interest rates are rising due to the uncertainty within the credit markets the introduction of this tax at this time could create a severe slowdown of the Jersey housing market, consequently affecting the island economy as currently being experienced in the UK.

The stated aim is to mirror freehold transactions but the Law has been drafted so that it dovetails with the Income Tax (Jersey) Law 1961 and will be administered by the Comptroller of Income Tax. Why has the Law been drafted in this way and why is the Comptroller of Income Tax being charged with the administration of this law bearing in mind the additional workload already in his office as a result of 0/10 and GST. This must require further consideration.

The 2008 Budget statement includes £1m as an estimate of the income going forward to 2012. It should be relatively easy to calculate the amount that this tax will raise as the Housing Department will be aware of the number of consents that they grant each year for individuals and the Planning Department should also be able to advise as to the number of share transfer properties being developed in any given period. We would request that the proposed economic benefits of this Law are reviewed before the matter is taken forward.

We would be grateful for clarification as to the restricted use of the definition of land to "a unit of residential accommodation". For example would Land Transfer Tax (LTT) apply to the garden / garage / conservatory etc.

The Law appears to be discriminatory in relation to co-habiting couples. It makes specific reference to matrimonial property and transfers from sole to joint and vice versa. There is no mention of transferring from sole ownership to joint in the case of a couple who are not married. There will without doubt be situations where single individuals will buy jointly, it does appear as though this whole aspect requires further consideration.

We note that an entry on the exchange of shares cannot be made until an LTT receipt has been issued. Will this cause delays in the completion of the transaction and difficulty with lender funding?

Currently, the Jersey housing market is attractive to both on-shore and off-shore investors who in turn are providing desperately required rental accommodation to island residents paying IT IS. With the introduction of stamp duty to share transfer properties it will remove one of the incentives to purchase property in Jersey. The timing of any introduction of stamp duty could have a drastic effect on the island as investors will before too long turn their attention to the UK market with continued

falling prices combined with opportunities to acquire repossessed properties causing a rapid slowdown in the Jersey housing market.

We would be grateful if you could acknowledge the receipt of these comments and consider all points raised prior to the implementation of this law.

Regards,

Andy Fleet
Chief Executive, Style Group Limited