

18 March 2008

Deputy P. Ryan
Scrutiny Office
States Greffe
Morier House
St Helier
JE1 1DD

Dear Deputy Ryan,

Re: Your Ref 513 Draft Taxation (Land Transactions) (Jersey) Law 200-

Thank you for the opportunity to make a submission on the above draft law and make the following comments on the questions raised.

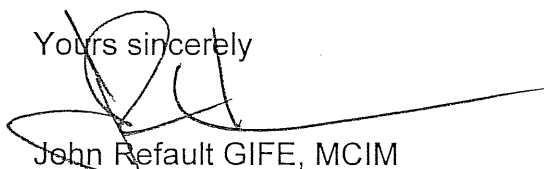
Firstly and primarily, if the original proposal for this law was to include commercial property and landlords then the current proposal has failed to support the original intent. The current draft law provides only for owner occupiers to be liable for LTT and not landlords who can acquire multiple share transfer units free of LTT and still achieve a rental yield equal to the retail value of identical owner occupier units. Should this occur, it could be seen as a charter for landlords both on and off island to only acquire share transfer residences and in so doing shortening the availability of units for locally resident 1st time buyers coupled with the inevitable laws of supply and demand driving up prices even further.

The draft law places an additional burden upon those who are generally in the lower end of the property market and who are in the main 1st time buyers. In effect, it is inflationary in an area of the economy that is already overheated in price terms and makes it more difficult for 1st time buyers who are also being squeezed by the current credit tightening in the banking environment in respect of mortgages.

In response to para 3. of your letter, I am deeply concerned that one could assume that there is an implication that should a share transfer unit be sold to a couple then the LTT could be applied as a multiple! If so this would in fact be the equivalent to a poll tax and encourage couples not to commit to long term financial commitments as a basis for their relationships.

The ramifications of LTT on commercial property is an area in which I have little experience to comment upon other than a passing comment that if Jersey is not in an internationally level playing field, there is the potential for loss of business to the Jersey economy.

Yours sincerely



John Refault GIFE, MCIM