

STATES OF JERSEY



DRAFT TAXATION (ENVELOPED PROPERTY TRANSACTIONS) (JERSEY) LAW 202- (P.119/2021): ADDENDUM

ECONOMIC AND DISTRIBUTIONAL IMPACTS OF THE PROPOSED NEW ENVELOPED PROPERTY TRANSACTIONS TAX

**Presented to the States on 21st January 2022
by the Minister for Treasury and Resources**

STATES GREFFE

Economic and distributional impacts of the proposed new Enveloped Property Transactions Tax

Report for Government of Jersey Economics Unit



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Economics

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Executive Summary

This report responds to a request from the Government of Jersey's Economics Unit to provide an assessment of the economic and distributional impacts of the proposed changes as set out in the Draft Taxation (Enveloped Property Transactions) (Jersey) Law. This report builds upon previous research conducted on the subject for the Government of Jersey.

The proposed changes analysed in the report are the introduction of a new Enveloped Property Transaction Tax (EPTT) and the extension of the Land Transaction Tax (LTT) to include commercial properties.

The proposed changes are intended to close a perceived gap in the current treatment of property transactions in Jersey's tax system, whereby transactions involving

- (i) the transfer of shares in a company holding residential or commercial property in Jersey, where the articles of association of that company do not confer a right of occupation in the property, or
- (ii) the transfer of shares in a company that owns commercial property in Jersey where the articles of association of that company confer a right of occupation in the property

do not attract Stamp Duty or Land Transaction Tax.

This gap is perceived to create an incentive to hold property in Jersey in a corporate structure, known as 'enveloping' that property.

The proposed EPTT and extension of LTT are intended to ensure that the tax treatment of property transactions is consistent whether or not those transactions involve enveloped property, ensuring the neutrality of the tax treatment of such transactions.

It appears that there has been a greater amount of 'enveloping' of office properties in recent years than in previous years. Between 2018 and 2020, between 62% and 84% of large office transactions are estimated to have involved enveloping.

This report updates previous research for the Government of Jersey that estimated the potential value of Stamp Duty forgone from commercial transactions excluded from taxation as a result of enveloping. The new analysis suggests that the potential annual revenue from the EPTT could be in the range £2.4 million - £5.3 million. However, this estimate is uncertain as an estimate of the EPTT's revenue and the estimates exhibit 'lumpiness' since they are sensitive to the presence or absence of large transactions.

The additional revenue raised by the proposed tax changes would represent only a small proportion of property tax revenues and of general tax revenues in Jersey. The office investment market, which is the market that is likely to be subject to the greatest direct impact from the proposed tax changes, is also small relative to the size of Jersey's economy. The tax changes are therefore unlikely to have a major impact at the level of the aggregate economy. The changes would, however, mean that the tax treatment of property transactions is consistent whether or not those transactions involve enveloped property, ensuring the neutrality of the tax treatment of such transactions. It would also have other impacts on the property market, particularly the office investment market.

In the property market, our view is that the most likely outcome is that sellers will receive lower prices for their property, up to the value of the property tax payable for each transaction. We do

not anticipate that property developers will be significantly deterred from being active in Jersey, since it is likely that land prices will fall to compensate them for any reduction in the selling price of the properties that they develop. Any developers who purchased land before the introduction of the tax but are selling developed property after the tax comes into force will not benefit from any fall in land prices. While buyers will be legally liable for paying the tax, we expect that sellers will 'ultimately' pay more of the tax than buyers (because they will receive lower prices for their property).

Other factors which affect the Jersey property market – such as changes in general economic conditions and changes in working practices following COVID-19 – may well turn out to have bigger impacts on the property market than the proposed tax changes.

1 Introduction

1.1 Consultancy brief

This report responds to a request from the Jersey Government's Economics Unit to provide an updated assessment of the economic and distributional impacts of the proposed new Enveloped Property Transactions Tax (EPTT).

The draft law including the new EPTT was lodged by the Council of Ministers in December 2021 for debate during the Assembly sitting starting on 8 February 2022.

Given the tight timescales, it was envisaged that the work would be largely or wholly desk based and that no new quantitative analysis would be undertaken.

1.2 Caveats

The work was undertaken over a short period in December 2021 and January 2022 and the scope and depth of the feasible analysis has been limited by those timescales.

We are economists with wide experience of applying economic thinking and analysis to policy issues, including tax policy, but we are not experts in tax law or property markets, including the Jersey property market.

In order to draw our conclusions about the potential economic and distributional impacts of the EPTT in the time available we have reviewed:

- the draft legislation;
- previous analysis undertaken for the Government of Jersey by Deloitte;
- three responses to the 2019 consultation;
- three 2021 commentaries from stakeholders on the draft legislation;
- data on stamp duty revenues between 2015 and 2020, and information on recent changes to stamp duty rates;
- evidence on the potential economic and distributional impacts of property transaction taxes from the wider literature in this area.

1.3 Summary of the proposed tax changes

At present, two taxes exist on transactions of property in Jersey:

- **Stamp Duty (SD)** is paid on transactions of residential and commercial freehold and contract lease property in Jersey; it is paid by the purchaser. Different rates and thresholds apply for the calculation of the stamp duty payable on transactions for residential and commercial property respectively.
- **Land Transaction Tax (LTT)** is paid on transactions through which shares are transferred in a company whose articles of association confer a right of occupation in residential property in Jersey. The transferee is responsible for paying any LTT applicable.

Transactions on residential property are taxed at the same rate whether Stamp Duty or LTT applies. LTT does not apply to transactions where the shares transferred do not explicitly confer a right of

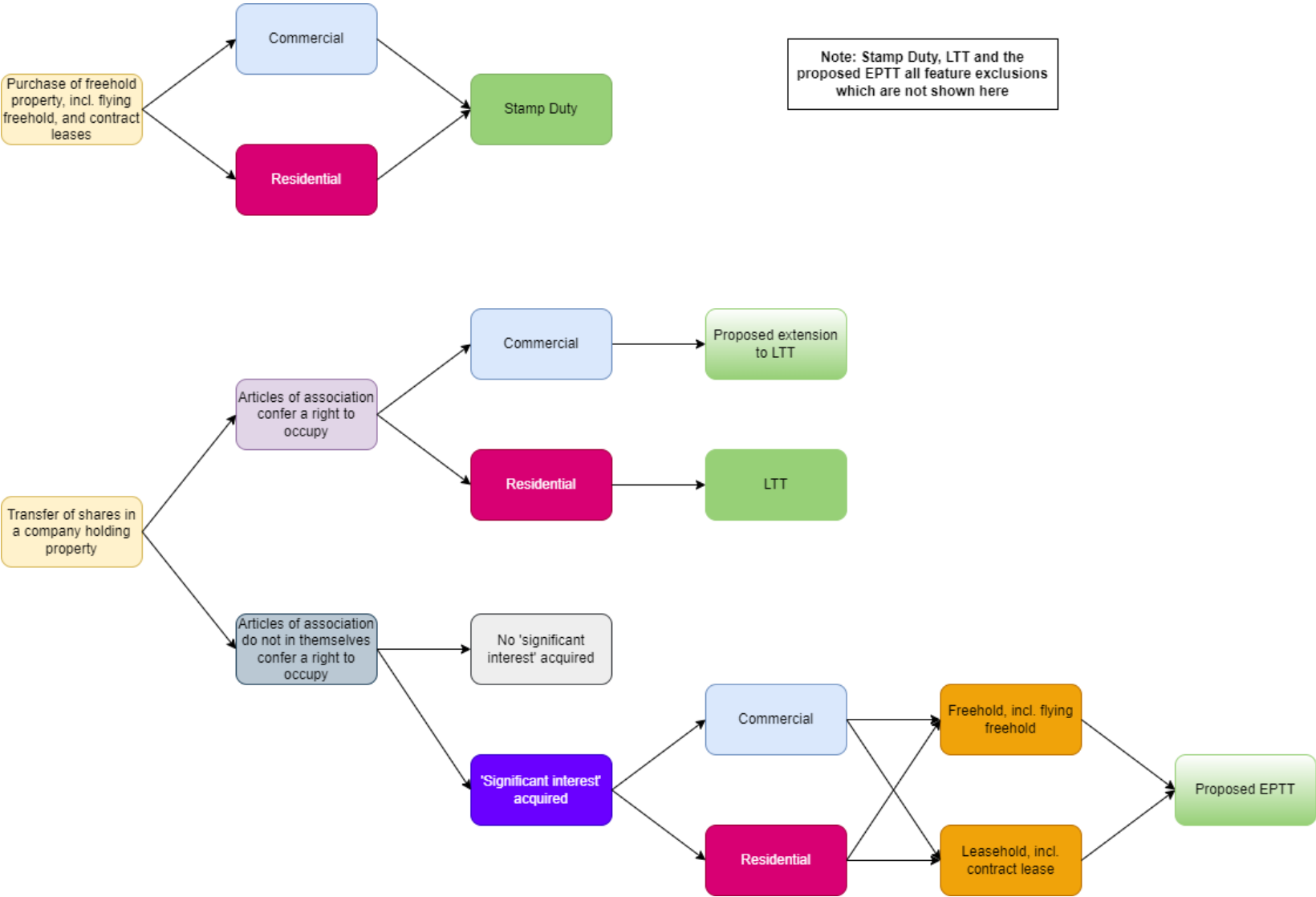
occupation in residential property. Stamp Duty and LTT are payable on loans, including mortgages taken out to finance such transactions where those loans are secured against the property in question, at a rate of tax of 0.5% of the loan's principal. Neither Stamp Duty nor LTT is payable on transactions involving transfers of shares in entities that own commercial property in Jersey.

The proposed changes include the creation of a new tax on certain transactions, the **enveloped Property Transactions Tax (EPTT)**. The EPTT, together with an extension of the LTT to commercial properties, is intended to close a perceived gap in the current property transaction tax regime in relation to transactions involving (i) the transfer of shares in a company holding residential or commercial property in Jersey, where the articles of association of that company do not confer a right of occupation in the property or (ii) the transfer of shares in a company that owns commercial property in Jersey where the articles of association of that company confer a right of occupation in that property. Both of these groups of transactions do not attract Stamp Duty or LTT at present; this creates an incentive in the tax system to hold property within a company or other corporate structure. This practice of holding property within a company or other corporate structure (e.g., a partnership) is known as 'enveloping' that property.

The EPTT would apply to transactions through which a person acquires a significant interest in an entity that is the beneficial owner of enveloped property in Jersey, if and only if the market value of that property is greater than £500,000 in the case of residential property or greater than £700,000 in the case of commercial property. A person has a significant interest in an entity if he or she owns or controls more than 50% of the interest in that entity (in the case of a company, if he or she owns more than 50% of the shares in that company). In the case of a controlled entity, a person has a significant interest in that entity if he or she owns or controls more than 50% of the interest in the controlling entity and that controlling entity owns or controls more than 50% of the interest in the controlled entity. Both freehold and contract lease (leasehold) property transactions are within the scope of the proposed EPTT. Several exemptions exist, including for inheritance, listed shares, and some transfers between connected parties. Any transaction that is subject to Stamp Duty or to LTT will not be subject to the proposed EPTT. The market value thresholds (£500,000 for residential property and £700,000 for commercial property) may be changed in response to inflation.

Previous estimates have suggested that the EPTT could raise approximately £1 million per year in revenue from the commercial office property market. Revenue from the EPTT, up to £1 million per year, is proposed to go to the Housing Development Fund. In the 2014 Budget, the States approved the provision of up to £250 million in loans for housing projects through the Housing Development Fund.

Figure 1 Simplified summary of the application of LTT, stamp duty, the proposed extension to LTT and the proposed EPTT



2 Potential impacts of the proposed tax changes

2.1 Background to the changes to property transactions taxes

Enveloping of commercial property is common in Jersey.¹

Office transactions account for a considerable proportion of large commercial property transactions. Figure 2 and Figure 3 show that office transactions have accounted for a significant proportion of large commercial transactions on which Stamp Duty was paid in recent years by number and, especially, by value.

Figure 2 Commercial property transactions of over £1 million on which Stamp Duty was paid: split by property type, by number

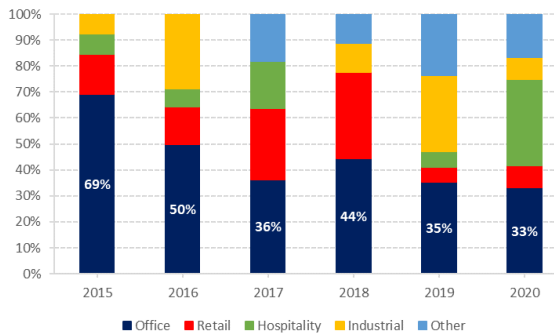
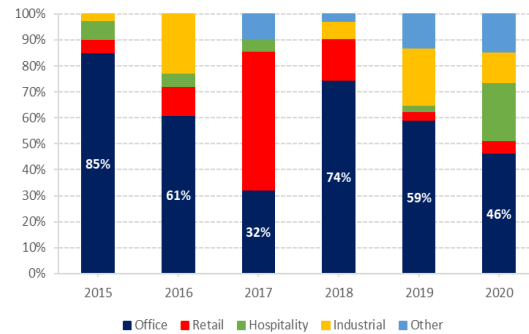


Figure 3 Commercial property transactions of over £1 million on which Stamp Duty was paid: split by property type, by value



Labels in white text show the share accounted for by office transactions.

Source: LE analysis of Stamp Duty data

The table below shows the value of commercial transactions of over £1 million on which Stamp Duty was paid in each year between 2013 and 2020.

Commercial transactions of over £1 million on which Stamp Duty was paid: value by property type, 2015-2020

	2015	2016	2017	2018	2019	2020
Office	£63,716,602	£33,300,000	£20,250,000	£25,800,000	£26,030,000	£11,510,000
Retail	£3,800,000	£6,025,000	£33,555,000	£5,640,000	£1,487,500	£1,200,000
Hospitality	£5,425,000	£2,950,000	£2,900,000	£0	£1,050,000	£5,575,000
Industrial	£1,925,000	£12,324,588	£0	£2,225,000	£9,736,500	£2,900,000
Other	£0	£0	£6,000,000	£1,000,000	£5,750,000	£3,600,000
Total	£74,866,602	£54,599,588	£62,705,000	£34,665,000	£44,054,000	£24,785,000

Source: LE analysis of Stamp Duty data

Analysis of Stamp Duty data and market size estimates from market reports suggests that in recent years a higher share, by value, of large office transactions in Jersey have involved enveloped property than was previously the case (see the table below and Figure 4). From 2018 to 2020 between 62% and 84% of large office transactions are estimated to have involved enveloping. The share of office transactions accounted for by transactions over £1 million that were excluded from

¹ See the figures below; this point was also made by a stakeholder responding to consultations on the proposed changes.

taxation was significantly lower in 2015 than in any other year between 2013 and 2020. We note that in 2015 there was a large (£27 million) transaction in which the freehold of an office property was sold subject to Stamp Duty by the liquidators of the company that had held that property.²

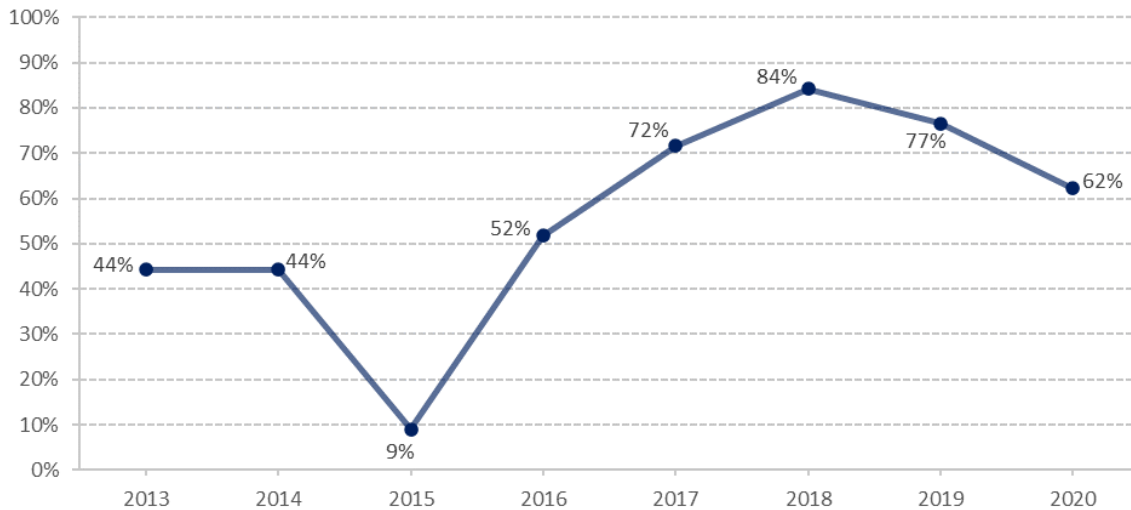
Summary of the extent of enveloping of office transactions, 2013-2020

	2013	2014	2015	2016	2017	2018	2019	2020
Total value of office (investment) transactions³	£25m	£37m	£70m	£69m	£71.3m	£163.2m	£111m	£30.5m
Value of excluded office transactions	£11.1m	£16.4m	£6.3m	£35.7m	£51.0m	£137.4m	£85.0m	£19.0m
Share of transactions excluded, by value	44%	44%	9%	52%	72%	84%	77%	62%

Note: value figures rounded to nearest 1 decimal place; percentage figures rounded to nearest integer

Source: Deloitte (2019) and London Economics analysis of Stamp Duty data and D2 Real Estate (D2RE) market reports, available at <https://d2re.co.uk/research/>

Figure 4 Share, by value, of office transactions accounted for by transactions over £1 million excluded from taxation, 2013 – 2020



Source: Deloitte (2019) and London Economics analysis of Stamp Duty data and D2 Real Estate (D2RE) market reports, available at <https://d2re.co.uk/research/>

If the practice of enveloping properties is undertaken purely for the purposes of avoiding liability for property transaction taxes then there would be opportunity costs to the Jersey economy – the resources used to undertake the enveloping process could be used for more economically valuable purposes. Some resource will also be required to ensure compliance with the new proposed taxes, though this is in the context of the policy of achieving tax neutrality for property transactions. We note that there may well be other motivations for enveloping property that are unrelated to

² Royal Court (2014), Judgment [2014]JRC240B. Available at <https://www.jerseylaw.ie/judgments/unreported/Pages/%5b2014%5dJRC240B.aspx>.

³ As discussed further below, estimates of the size of the office investment market are used to measure the size of the office market since the former is what is publicly available.

property transactions taxes. Research in the UK⁴ has suggested, for example, that other reasons for enveloping in the UK include non-tax-related reasons, namely privacy and property protection⁵.

2.2 Characteristics of those who would pay extended LTT and EPTT

One can distinguish between who is legally liable for paying the tax and who ‘ultimately’ pays it (often known as the ‘incidence’ of the tax). For instance, suppose a government imposed a 10% tax on a product that sellers were legally liable for paying. Suppose that in response sellers raised the price they charged for that product by 10% and that buyers did not change the amount of that product they bought in response to the higher prices. In this case, the tax would be entirely ‘passed on’ to buyers by sellers such that although sellers were legally liable for paying the tax, only buyers would be made worse off by the tax.

In the cases of the proposed extension to the LTT and the proposed EPTT – as well as Stamp Duty – the purchaser is legally liable to pay the tax. In practice, the changes are also likely to affect the seller, if the tax changes mean that the buyer is not willing to pay as much for the property or shares.

Theoretically, a greater proportion of the tax is ultimately paid by the market participants who are less responsive to price changes. If buyers are less responsive to prices than sellers, then buyers will ultimately pay most of the tax.⁶ If buyers are more responsive to prices than sellers, then sellers will ultimately pay a greater share of the tax.

We expect that the supply of commercial property in Jersey is likely to be relatively unresponsive to changes in prices. There are likely to be relatively few alternative uses of the land used for commercial property that do not involve substantial costs for repurposing that land. Demand, meanwhile, is likely to be more responsive to prices. High-net-worth (HNW) Jersey residents and Middle Eastern investors and syndicates are important participants in the market for commercial property in Jersey.⁷ Such investors are likely to be more responsive to changes in the price of properties in Jersey since they are likely to consider a global set of investment opportunities, although we note that there are non-price reasons for which Jersey is an attractive place in which to invest – for instance, Jersey does not levy capital gains tax or inheritance tax.⁸ D2RE’s Channel Island Office Market Review 2021 attributed the robustness of investor demand in Jersey’s (and Guernsey’s) office market despite the COVID-19 pandemic to investors being ‘drawn to assets with defensive qualities’, saying that ‘[t]his is an area the Channel Islands scores highly. Compared to the UK, occupiers are prepared to take long leases and given the islands’ resilient finance industry, occupiers’ covenant strength provide income security’.⁹ The price buyers are willing to pay is likely to be determined by the expected amount of rent that can be charged for the property (discounted

⁴ HMRC (2015) Views and behaviours in relation to the Annual Tax on Enveloped Dwellings. Her Majesty’s Revenue and Customs Research Report 384. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/457946/HMRC_Research_Report_384 - Views and behaviours in relation to the Annual Tax on Enveloped Dwellings.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/457946/HMRC_Research_Report_384_-_Views_and_behaviours_in_relation_to_the_Annual_Tax_on_Enveloped_Dwellings.pdf).

⁵ Several owners of envelopes did not want the value and / or the address of their property to be publicly known. One way to ensure anonymity was for the property to be held by a company to ensure their own name was not on the land registry.

⁶ Davidoff, I., & Leigh, A. (2013). ‘How do stamp duties affect the housing market?’. *Economic Record*, 89(286), 396-410.

⁷ D2RE (2020), ‘UK and Channel Islands: Commercial Property Market Review & Outlook 2020’. Available at <https://d2re.co.uk/uk-and-channel-islands-commercial-property-market-review-outlook-2020/>.

⁸ Government of Jersey (n.d.), ‘Moving to Jersey: Money and tax’. Available at <https://www.gov.je/LifeEvents/MovingToJersey/LivingInJersey/pages/moneytax.aspx>.

⁹ D2RE (2021), ‘The Channel Islands Annual Office Market Review 2021 and Occupier Survey Results’, p.6. Available at <https://d2re.co.uk/d2-real-estates-2021-office-market-review-and-occupier-survey-results/>.

for it being in the future). The stream of future rent that can be charged for the property would not be affected by the proposed EPTT.

Whilst property developers might also expect to receive a reduced price for any developed property that they sell, we also anticipate that their land purchase costs are likely to fall correspondingly in response to the proposed new taxes, since the alternative uses of that land are likely to be relatively limited. For this reason, we do not anticipate that property development will be significantly deterred. However, we note that those who have purchased enveloped property prior to the introduction of the EPTT would receive a lower price when they came to sell the enveloped property without having experienced a corresponding fall in their purchase costs (since they purchased prior to the EPTT's introduction). The impact of the proposed EPTT on these market participants was noted by external stakeholders. However, any fall in price would reflect, at most, the value of the proposed EPTT. The value of the proposed EPTT is less than 5% for all enveloped properties except for large residential freeholds (see Annex 2). The value of the proposed EPTT on enveloped properties subject to a contract lease is less than 0.75% for all property values; we understand that long leaseholds of commercial properties are a feature of the commercial property market in Jersey.¹⁰

Summary of groups likely to be most impacted by the proposed changes

Proposed change	Groups likely to be most impacted
Extension of LTT to commercial properties	The proposed extension of the LTT to commercial properties would particularly impact companies who currently own commercial property and whose articles of association confer a right to occupy that property when they come to sell that property. It is not clear how prevalent this practice is and which sort of companies are mostly likely to perform it.
Introduction of EPTT for commercial properties worth above £700,000	The introduction of the proposed EPTT as it applies to commercial properties is likely to most impact those who currently own higher-value commercial properties in Jersey in a corporate envelope when they come to sell it. These market participants are likely to include high-net-worth residents of Jersey (see below) as well as international companies and larger Jersey-based companies. We note that a higher value threshold has been applied on commercial properties (relative to residential properties) in the proposed law so that lower-value commercial properties would not be subject to the proposed EPTT. This might reduce the extent to which smaller, Jersey-based businesses are affected by the EPTT.
Introduction of EPTT for residential properties worth above £500,0000	Because there are limitations on when companies may acquire residential property in Jersey and because of the application of the LTT, the introduction of EPTT as it applies to residential properties is likely to have a more limited impact on

¹⁰ Ibid.

Proposed change	Groups likely to be most impacted
	<p>the residential property market than on the commercial property market.</p> <p>The EPTT would, though, be levied on transactions in which a single dwelling (as opposed to a group of flats) is enveloped. While this is not common, we understand that it has been used for high-value residential properties in the past.</p>

2.3 Potential for additional tax revenues

In previous research for the Government of Jersey, conducted between 2018 and 2019, Deloitte estimated the amount of potential Stamp Duty on large commercial property transactions in Jersey that were excluded from the scope of taxation because they involved enveloped property.¹¹ In this section, we update Deloitte’s previous estimates. We note that in the case of enveloped property subject to contract leases, the rate of EPTT would be lower than the rate of Stamp Duty on a transaction of the same size and so these estimates would be an overestimate in these cases.

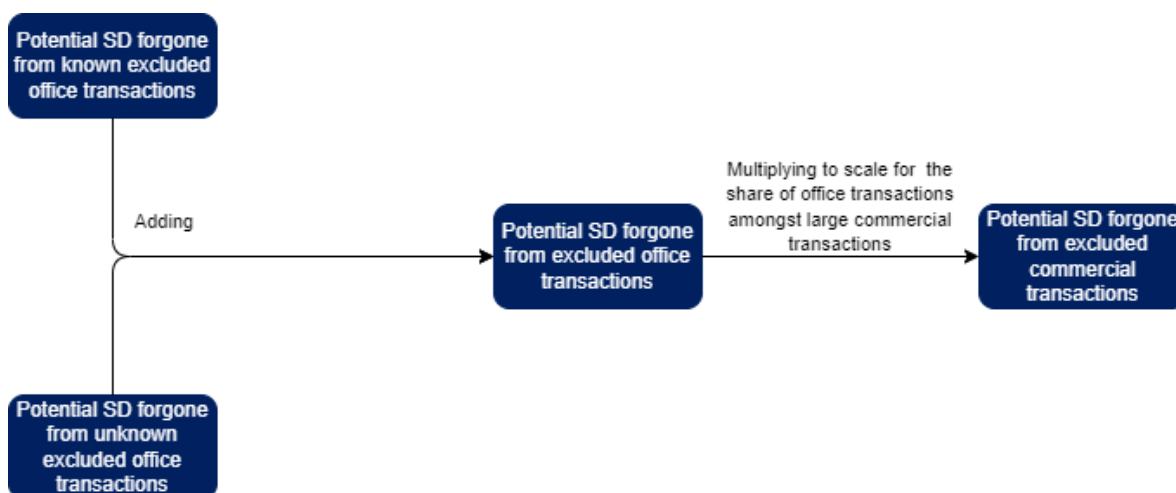
To arrive at its estimate, Deloitte focus only on transactions involving commercial office properties, since such transactions account for the majority of large commercial property transactions in Jersey and market data for office transactions is more readily available.¹² Deloitte derive estimates of the value of transactions excluded from the scope of taxation (‘excluded transactions’) by subtracting the value of office transactions subject to Stamp Duty from estimates of the total volume of investment activity in the Jersey office market provided by market reports. For known excluded transactions (large transactions of which the authors of the Deloitte report were aware), the Stamp Duty that would be payable on a transaction involving the sale of a freehold of the same value is calculated. The value of unknown excluded transactions is then calculated by subtracting the value of known excluded transactions from the total value of excluded transactions. For the unknown excluded transactions, the Stamp Duty that would be payable on transactions involving the sale of a freehold of the same value is calculated. Since Stamp Duty has a variable component that depends on the value of the transaction in question, a range is calculated corresponding to different average transaction values.

We have deployed the same methodology, with minor alterations, to update Deloitte’s estimates using data for the years 2018 – 2020 that was not available at the time of the Deloitte report’s writing. We have also used data on Stamp Duty receipts to estimate what proportion of large (over £1 million) commercial transactions in Jersey are accounted for by office transactions. We have then scaled our estimate of the potential forgone Stamp Duty revenue from excluded large office transactions using this proportion, to arrive at an estimate for the potential forgone Stamp Duty revenue from all large commercial transactions. The flow chart below summarises how the estimate is calculated.

¹¹ Deloitte (2019), ‘Stamp Duty on Property Enveloped in Corporate Structures’.

¹² Deloitte (2019), ‘Stamp Duty on Property Enveloped in Corporate Structures’, p.9.

Figure 5 Summary of how Deloitte (2019) and London Economics estimates are calculated



These estimates give an approximate indication of how much revenue might be generated by the EPTT. However, there are several reasons to be cautious about basing expectations of the EPTT on these estimates.

- Firstly, as can be seen in the figures below, the estimates are ‘lumpy’, exhibiting significant variation from year to year. As noted in the Deloitte report,¹³ the office market in Jersey is relatively small, meaning that the estimates for a given year are particularly sensitive to large transactions (such as the sales of Gaspé House and IFC1 in 2018);
- Secondly, the transactions considered in the analysis may not all have been in the scope of the EPTT, and some transactions not considered in the analysis would be in the EPTT’s scope. For instance, some of the transactions considered in the analysis might have been covered by one of the exemptions to the EPTT, such as the exemptions for transfers between connected parties. Meanwhile, the analysis does not consider commercial transactions with values between £700,000 and £1 million,¹⁴ which would be within the scope of the EPTT;
- As with the previous analysis by Deloitte, the calculations use data on the size of the office investment market as an estimate of the size of the office market, since the former is what is publicly available. This biases the estimate downwards since it means the analysis tends to understate the volume of excluded office transactions.
- The estimates look only at transactions involving commercial property and do not capture excluded transactions involving residential property. However, as argued in the Deloitte report¹⁵ and above, one would not expect that residential properties would be sold via excluded transactions in a significant volume, and there is likely not to be publicly available information that would allow the quantification of the Stamp Duty forgone from such excluded transactions;
- The estimates of potential Stamp Duty forgone from all excluded office transactions assume that office transactions account for the same proportion of excluded office

¹³ Deloitte (2019), ‘Stamp Duty on Property Enveloped in Corporate Structures’, p.11.

¹⁴ Stamp Duty data by property type was available only for commercial transactions of over £1 million.

¹⁵ Deloitte (2019), ‘Stamp Duty on Property Enveloped in Corporate Structures’, p.9.

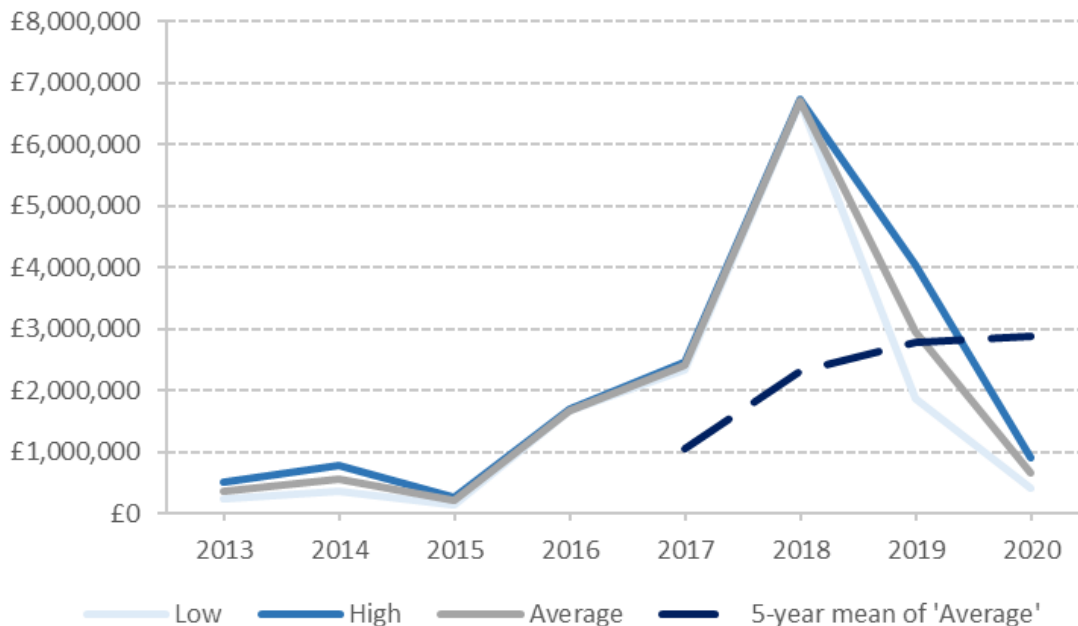
transactions as of commercial transactions over £1 million that are subject to Stamp Duty. Office transactions may be more or less represented amongst enveloped commercial transactions than amongst large commercial transactions on which Stamp Duty was paid;

- The estimates assume that all the excluded transactions involved enveloped freehold properties. Transactions involving enveloped properties under a contract lease would be taxed at a lower rate than assumed here;
- Finally, the introduction of the EPTT may lead to behavioural change which reduces the volume of transactions in the market. If this were the case, these estimates would tend to be overestimates for the revenue generated through the EPTT.

The estimated value of potential forgone Stamp Duty revenue from excluded office transactions with a value of more than £1 million has varied between £205,000 in 2015 and over £6.7 million in 2018.¹⁶ The average for the five years to 2017 was approximately £1 million; in the five years to 2018, 2019 and 2020, it ranged between £2.3 million - £2.9 million. It should be noted, though, that two exceptionally large transactions occurred in 2018 and so 2018 (and the five-year averages including it) may represent an outlier.

The estimated value of potential forgone Stamp Duty revenue from all excluded commercial transactions with a value of more than £1 million has varied from around £240,000 in 2015 and just over £9 million in 2018. The five-year average to 2017 was £2.4 million; the five-year average increased for the remainder of the period of analysis (which ended in 2020), standing at approximately £5.1 million in 2020.

Figure 6 Office transactions over £1m: value of potential Stamp Duty revenue from excluded transactions, 2013-2020

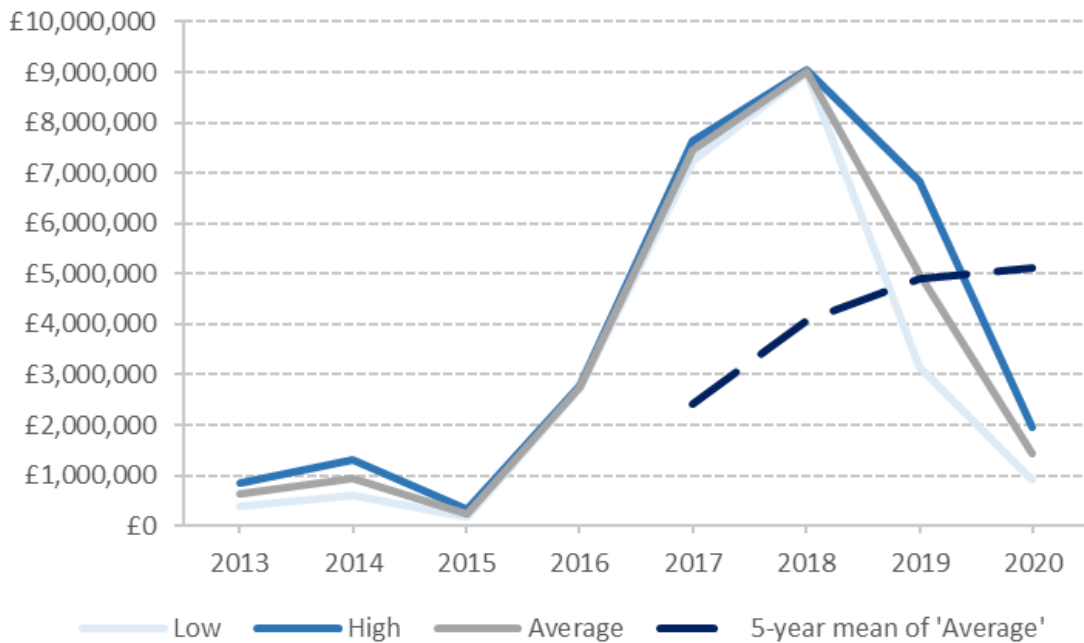


Note: 'Low' values are based on the lowest assumed average value of unknown excluded transactions, while 'High' values are based on the highest assumed average value of unknown excluded transactions. 'Average' values in each year are the mean of the 'Low' and 'High' values in that year.

Source: London Economic analysis and Deloitte (2019) analysis

¹⁶ Throughout this paragraph and the next paragraph, we refer to the average of the 'High' and 'Low' estimates.

Figure 7 Commercial transactions over £1m: value of potential Stamp Duty revenue from excluded transactions, 2013-2020



Note: 'Low' values are based on the lowest assumed average value of unknown excluded transactions, while 'High' values are based on the highest assumed average value of unknown excluded transactions. 'Average' values in each year are the mean of the 'Low' and 'High' values in that year. Stamp Duty data was not available for 2013 and 2014, so for these years it is assumed that the share of commercial transactions with value greater than £1 million was equal to the average of that share between 2015 and 2020.

Source: *London Economics and Deloitte (2019) analysis*

2.4 Potential for behavioural effects

In addition to having a direct impact through requiring some market participants to pay additional taxes relative to the current position, the changes to property transactions taxes may also lead to changes in behaviour, i.e. they may lead to changes in the volume or nature of transactions. Behavioural changes could affect the revenue raising potential of any new taxes.

There are a number of factors that will influence the extent to which these changes occur, including the sensitivity of market participants to changes in costs/prices, investment opportunities outside Jersey and transactions costs in other jurisdictions, whether the process of enveloping properties has other benefits beyond the avoidance of transactions taxes, etc. It is also likely to be the case that there are other more important factors that influence what happens in Jersey property markets, including general economic conditions in Jersey and the way that working practices develop, including in response to COVID-19.

As discussed in the previous section, it is likely that the seller in an enveloped commercial property transaction will ultimately pay a large proportion of the new tax since the seller has limited potential responses to the new tax. Their main options are to sell at a lower price that reflects the cost of the new tax, to decide not to sell at all, or to find an alternative use for which to sell the property. Buyers would likely be unwilling to purchase at a higher selling price, which reflects the cost of the new tax, as it would undermine their business case for purchasing; and they may have other options, such as purchasing elsewhere outside Jersey. If property owners decide not to sell, then this would reduce

the number of property transactions, but it would not reduce the amount of commercial space available for rent.

In the case of land being purchased for development, developers will be aware that the selling price of the developed properties is likely to reflect the new tax and so they will aim to purchase land at a lower price that reflects the new tax. Landowners are likely to have limited options, as above, and would have to accept a lower price for their land, decide not to sell or find some alternative use.

There is little directly relevant evidence from similar changes in the past.¹⁷

- We know that both Jersey housing market activity and housing prices showed a trend of increasing appreciably after the introduction of LTT in 2010.¹⁸ LTT is likely to have applied to a considerable proportion of housing transactions since 2010, since a majority of flats sold in Jersey are sold by share transfer, though these transactions are likely to represent a relatively small part of the total value of transactions.¹⁹
- Research has been undertaken to evaluate the impact of Stamp Duty Land Tax (SDLT) on commercial transactions in the UK by exploiting a policy change to the tax rate Budget 2016.²⁰ The paper estimates the responsiveness of commercial transactions to changes in the effective tax rate (tax paid divided by the value of the transaction). The research estimates that a 1 percentage point increase in the effective tax rate led to a 11.7% reduction in commercial transactions and an estimated reduction in residential transactions of -5% to -7%.²¹ There are several proposed reasons for this, including the fact that commercial transactions are made by companies which are more profit-driven than residents; companies are more likely to choose locations for investments internationally compared to home movers, which makes them more responsive to price changes as a result of a tax.

In our view, the most likely impacts of the proposed changes are that sellers of land in Jersey for property development and existing owners of enveloped commercial and residential properties in Jersey will be faced with lower prices for their land/property than they would have done without the introduction of the tax changes. Any fall in prices would, at most, reflect the value of the new tax on that transaction. We do not expect that there will be a significant reduction in the volume of transactions because of the limited alternative uses of the land in question. Other factors which affect the Jersey property market – such as changes in general economic conditions, changes in

¹⁷ Although the UK introduced a tax on enveloped properties in 2013 - the Annual Tax on Enveloped Dwellings (ATED) - this is an annual tax, not a transactions tax, and applies to empty properties only. Research has suggested that the introduction of that tax did not lead to any large changes in enveloping behaviour. See: Banks, G. (2014) Taxing Times. Property Journal, London; and HMRC (2015) Views and behaviours in relation to the Annual Tax on Enveloped Dwellings. Her Majesty's Revenue and Customs Research Report 384. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/457946/HMRC_Research_Report_384_-_Views_and_behaviours_in_relation_to_the_Annual_Tax_on_Enveloped_Dwellings.pdf.

¹⁸ Statistics Jersey (2021), 'House Price Index: Third Quarter – 2021', p.1 and p.9. Available at <https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20House%20Price%20Index%20Q3%202021%2020211118%20SJ.pdf>.

¹⁹ Statistics Jersey (2021), 'House Price Index: Third Quarter – 2021', p.11. Available at <https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20House%20Price%20Index%20Q3%202021%2020211118%20SJ.pdf>.

²⁰ HMRC (2021) Responsiveness of commercial transactions to Stamp Duty Land Tax. Available at <https://www.gov.uk/government/publications/responsiveness-of-commercial-transactions-to-stamp-duty-land-tax/responsiveness-of-commercial-transactions-to-stamp-duty-land-tax>.

²¹ Office for Budget Responsibility (2017), Residential SDLT elasticities. Available at: <https://obr.uk/download/residential-stamp-duty-land-tax-elasticities-forecast-evaluation-report-october-2017>.

construction costs and changes in working practices following COVID-19 - may well turn out to have bigger impacts.

2.5 Impact at the economy level

Tax revenues in Jersey were £852 million in 2020.²² The estimate of potential additional revenue from all excluded commercial transactions of over £1 million in the 'Average' scenario for 2020 (£1.42 million) is less than 0.2% of that total. In 2018, when the estimate of potential additional revenue is greatest, the estimated potential additional revenue is equal to just over 1.1% of total tax revenues in that year.²³ While there is uncertainty associated with the estimates of potential additional revenue, this analysis suggests that revenue from the proposed EPTT would not account for a significant proportion of tax revenue in Jersey.

Revenue from Stamp Duty and LTT in Jersey was £37 million in 2020,²⁴ more than 26 times more than the estimate of potential additional revenue in the 'Average' scenario in 2020. Stamp Duty and LTT revenue in 2018 was nearly four times higher than the estimate of potential additional revenue in the 'Average' scenario in 2018.²⁵ These calculations suggest – again noting that there is uncertainty around the estimates of potential revenue from the proposed EPTT – that the proposed EPTT would account for a significantly smaller proportion of all property tax revenue in Jersey than the existing property transaction taxes. We note that the primary motive of the introduction of the proposed EPTT is not revenue-raising but, rather, the closing of a perceived gap in the property tax regime in order to create a level playing field.²⁶

Jersey's total GVA in 2020 was £4.64 billion,²⁷ and the volume of office investments in that year was £30.5 million,²⁸ meaning the latter was equal to less than 0.7% of GVA. In 2018, the volume of office investments was much higher than in 2020, at just over £163 million.²⁹ This was equal to approximately 3% of Jersey's GVA in that year.³⁰

In summary, the proposed EPTT is likely to account for a small proportion of property tax revenues and of tax revenues in general in Jersey. The office investment market, which is the market that is likely to be subject to the greatest direct impact from the proposed EPTT, is small relative to Jersey's economy. The EPTT is therefore unlikely to have a major impact at the level of the aggregate economy unless the potential changes in the commercial property market (see above) have major

²² Government of Jersey (2022), 'Government of Jersey income and expenditure'. Available at <https://www.gov.je/Government/JerseyInFigures/GovernmentAccounts/pages/statesincomeexpenditure.aspx>.

²³ LE analysis and Government of Jersey (2022), 'Government of Jersey income and expenditure'. Available at <https://www.gov.je/Government/JerseyInFigures/GovernmentAccounts/pages/statesincomeexpenditure.aspx>.

²⁴ Government of Jersey (2022), 'Government of Jersey income and expenditure'. Available at <https://www.gov.je/Government/JerseyInFigures/GovernmentAccounts/pages/statesincomeexpenditure.aspx>.

²⁵ LE analysis and Government of Jersey (2022), 'Government of Jersey income and expenditure'. Available at <https://www.gov.je/Government/JerseyInFigures/GovernmentAccounts/pages/statesincomeexpenditure.aspx>.

²⁶ Report lodged with the Draft Taxation (Enveloped Property Transactions) (Jersey) Law 202-, lodged au Greffe on 20th December 2021 by the Minister for Treasury and Resources, p.5. Available at <https://statesassembly.gov.je/assemblypropositions/2021/p.119-2021.pdf>.

²⁷ Statistics Jersey (2021), 'Measuring Jersey's economy: GVA and GDP 2020'. Available at <https://www.gov.je/news/2021/pages/GVAandGDP2020.aspx>.

²⁸ See Annex 3.

²⁹ See Annex 3.

³⁰ Statistics Jersey (2018), 'Measuring Jersey's economy: GVA and GDP 2018 report'. Available at <https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=4948>.

adverse effects, to the extent that they are significant for the Jersey economy, on sectors that rely on that market. This appears unlikely, and the effects of the proposed EPTT are likely to be smaller than those of wider influences on the commercial property market, such as changes in working patterns as a result of COVID-19.

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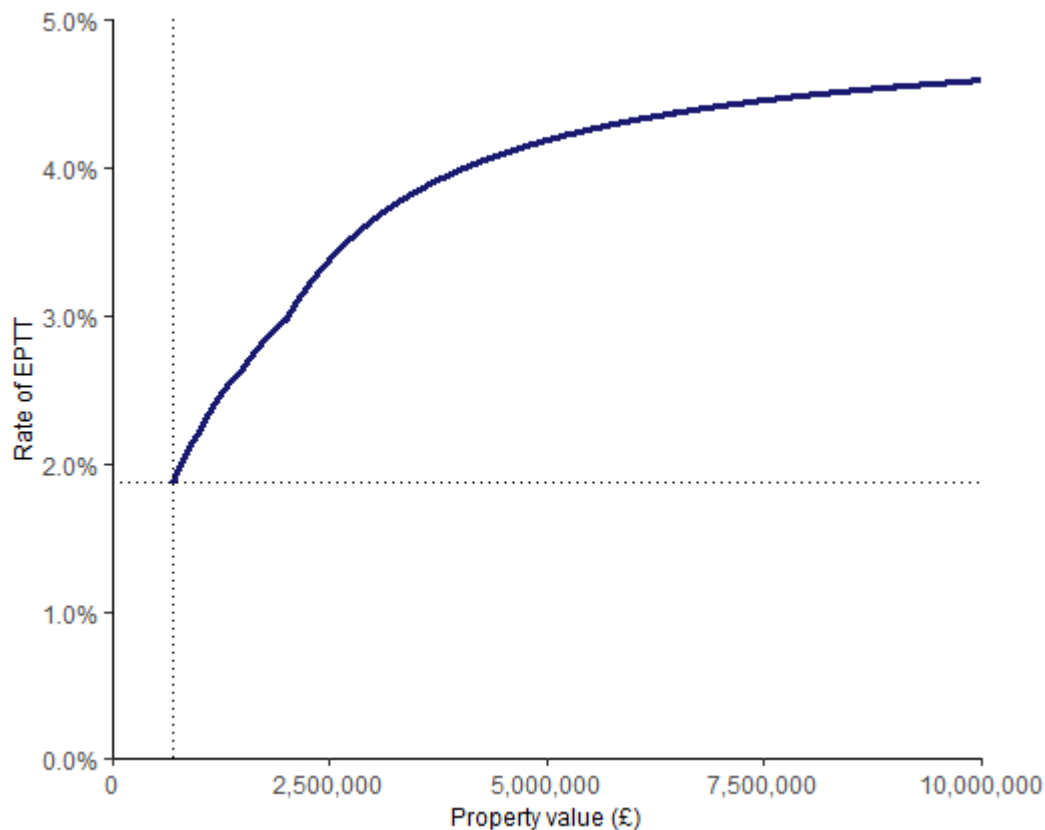
Annex 2 Proposed EPTT rates

The value of the proposed EPTT comprises a fixed amount of £80 plus a variable amount calculated according to the market value of the enveloped property in question. The tables below summarise how this variable component of the proposed EPTT is calculated for different property types; Figure 8 to Figure 11 display the rate of EPTT (including the fixed component) for each property type by property value.

The rates of the proposed EPTT are designed to be aligned with the rates of Stamp Duty or LTT for properties of the same value with the exception of higher thresholds.

Commercial enveloped property (freehold): variable component of EPTT

Market value	Variable component of EPTT
Exceeding £700,000 but not exceeding £1,000,000	£13,000 in respect of the first £700,000 plus £3 for each £100 or part of £100 in excess of that
Exceeding £1,000,000 but not exceeding £1,500,000	£22,000 in respect of the first £1,000,000 plus £3.50 for each £100 or part of £100 in excess of that
Exceeding £1,500,000 but not exceeding £2,000,000	£39,500 in respect of the first £1,500,000 plus £4 for each £100 or part of £100 in excess of that
Exceeding £2,000,000	£59,500 in respect of the first £2,000,000 plus £5 for each £100 or part of £100 in excess of that

Figure 8 Commercial enveloped property (freehold): rate of EPTT by property value

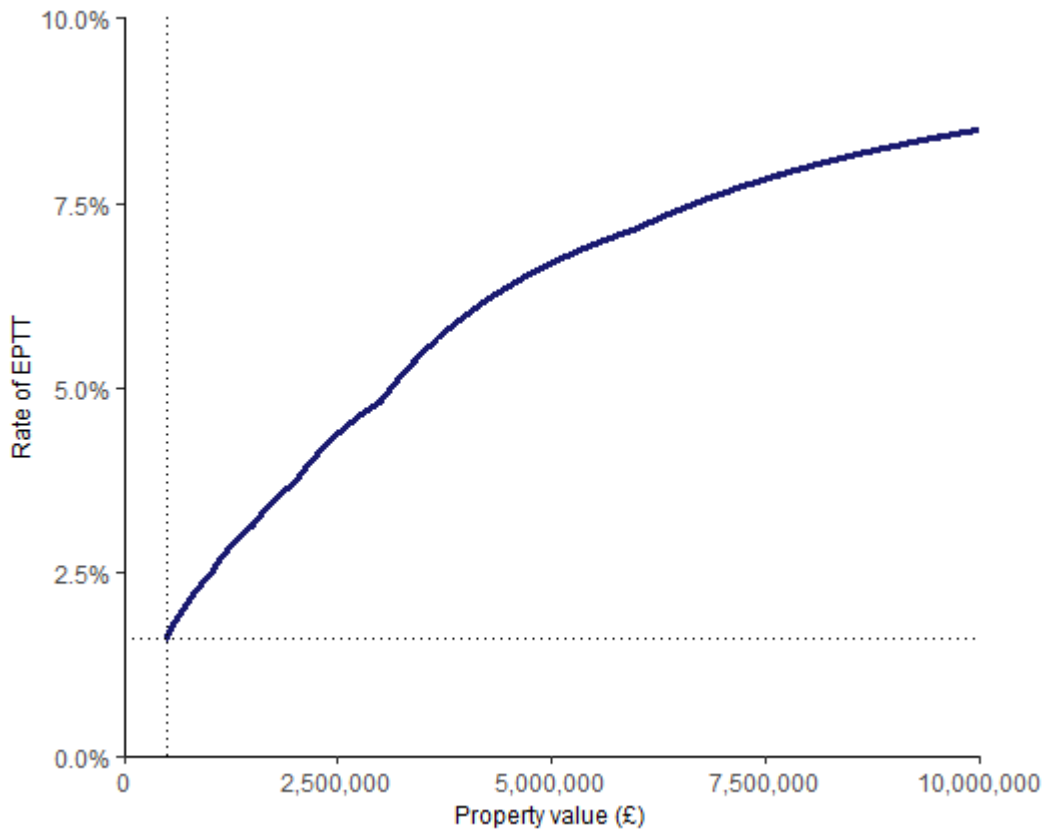
As shown here, EPTT becomes payable on commercial enveloped property (freehold) when the value of that property exceeds £700,000; the minimum rate of EPTT is around 1.9%.

Source: London Economics analysis of draft legislation

Domestic enveloped property (freehold): variable component of EPTT

Market value	Variable component of EPTT
Exceeding £500,000 but not exceeding £700,000	£8,000 in respect of the first £500,000 plus £3 for each £100 or part of £100 in excess of that
Exceeding £700,000 but not exceeding £1,000,000	£14,000 in respect of the first £700,000 plus £3.50 for each £100 or part of £100 in excess of that
Exceeding £1,000,000 but not exceeding £1,500,000	£24,500 in respect of the first £1,000,000 plus £4.50 for each £100 or part of £100 in excess of that
Exceeding £1,500,000 but not exceeding £2,000,000	£47,000 in respect of the first £1,500,000 plus £5.50 for each £100 or part of £100 in excess of that
Exceeding £2,000,000 but not exceeding £3,000,000	£74,500 in respect of the first £2,000,000 plus £7 for each £100 or part of £100 in excess of that
Exceeding £3,000,000 but not exceeding £6,000,000	£144,500 in respect of the first £3,000,000 plus £9.50 for each £100 or part of £100 in excess of that
Exceeding £6,000,000	£429,500 in respect of the first £6,000,000 plus £10.50 for each £100 or part of £100 in excess of that

Figure 9 Domestic enveloped property (freehold): rate of EPTT by property value



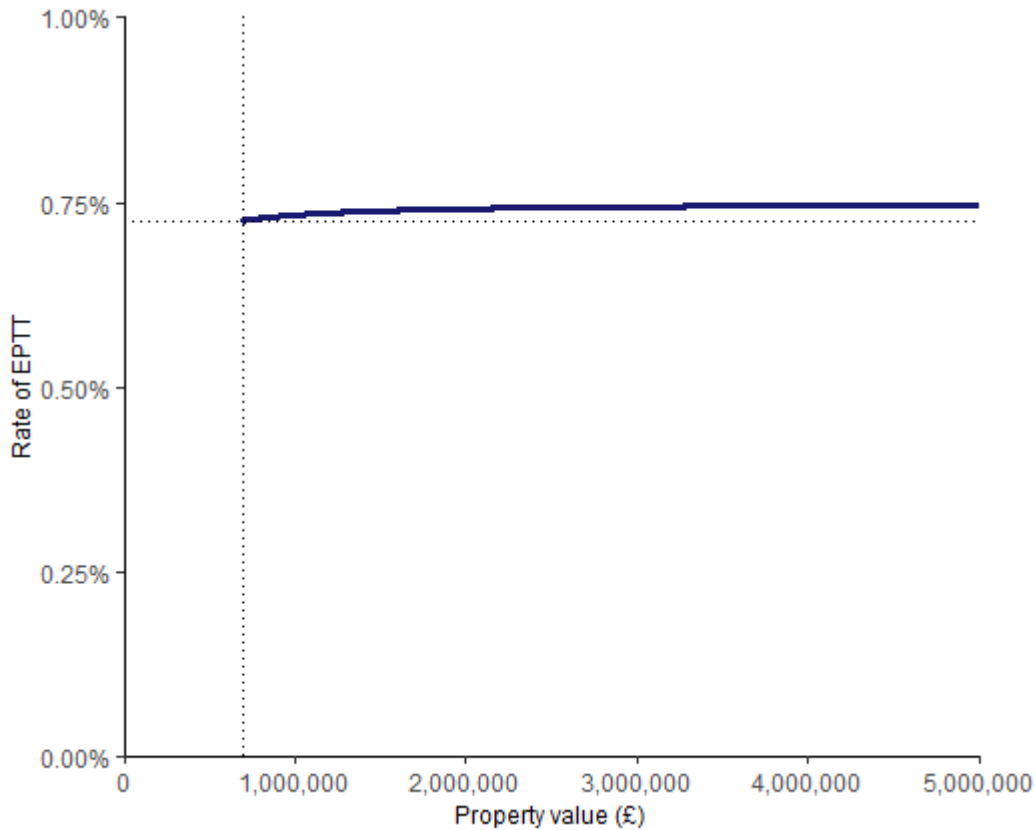
As shown here, EPTT becomes payable on residential enveloped property (freehold) when the value of that property exceeds £500,000; the minimum rate of EPTT on such properties is around 1.6%.

Source: *London Economics analysis of draft legislation*

Commercial enveloped property subject to a contract lease: variable component of EPTT

Market value	Variable component of EPTT
Over £700,000	£5,000 for the first £700,000 plus 75p for each £100 or part of £100 in excess of that

Figure 10 Commercial enveloped property subject to a contract lease: rate of EPTT by property value



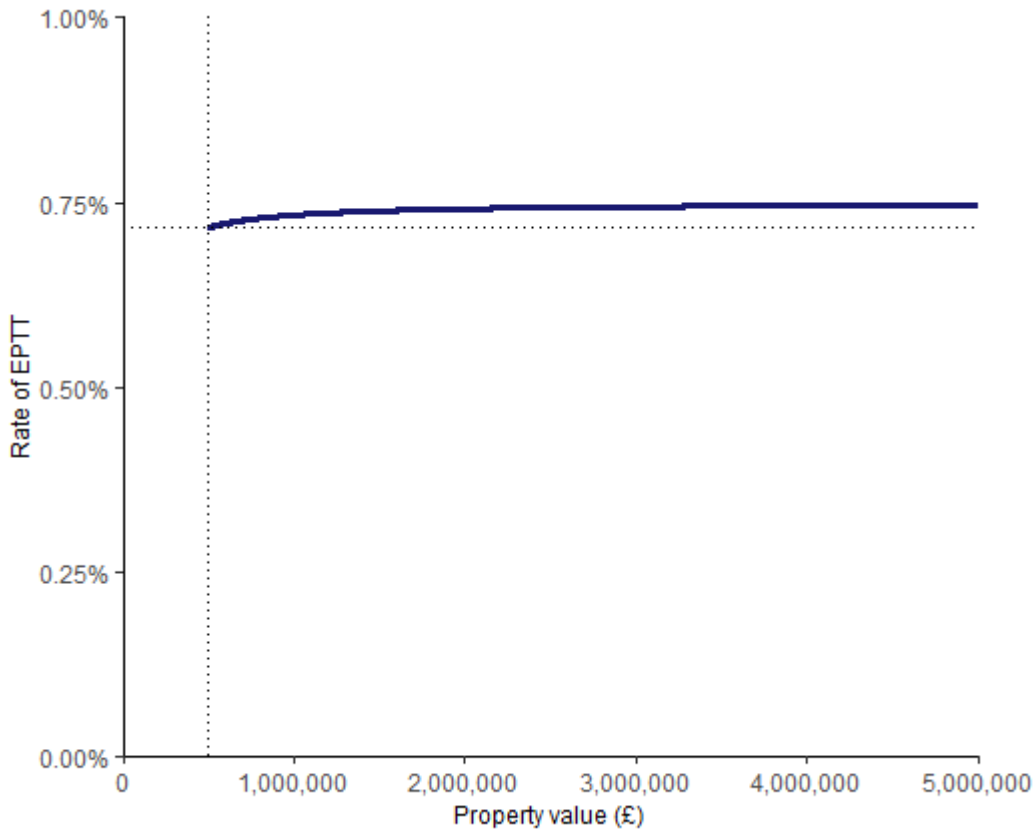
As shown here, EPTT becomes payable on commercial enveloped property subject to a contract lease when the value of that property exceeds £700,000; the minimum rate of EPTT on such properties is around 0.73%

Source: London Economics analysis of draft legislation

Residential enveloped property subject to a contract lease: variable component of EPTT

Market value	Variable component of EPTT
Over £500,000	£3,500 for the first £500,000 plus 75p for each £100 or part of £100 in excess of that

Figure 11 Residential enveloped property subject to a contract lease: rate of EPTT by property value

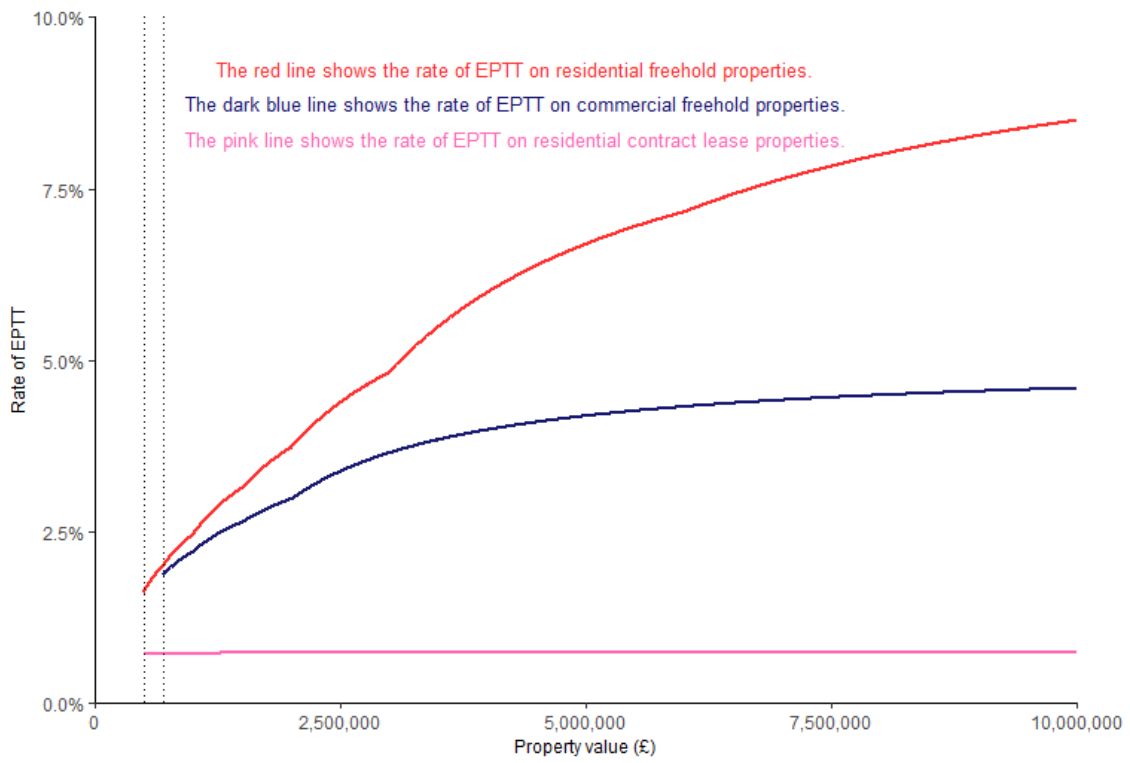


As shown here, EPTT becomes payable on residential enveloped property subject to a contract lease when the value of that property exceeds £500,000; the minimum rate of EPTT on such properties is around 0.72%.

Source: *London Economics analysis of draft legislation*

Figure 12 below shows the rate of EPTT by property value for different property types together. The rate of EPTT by property value for commercial enveloped property subject to a contract lease is not shown; it is very close to the rate of EPTT for residential enveloped property subject to a contract lease (shown in pink), except that a higher value threshold applies for commercial enveloped property than for residential enveloped property.

Figure 12 Rate of EPTT by property value for different property types



Source: London Economics analysis of draft legislation

Annex 3 Detailed methodology

This annex sets out a detailed methodology for the quantitative analysis undertaken for the years 2018 – 2020, extending the analysis conducted by Deloitte in their previous research for the Jersey Government. For the reasons set out in section 2.3 above, the quantitative analysis undertaken focused on office transactions. For consistency and comparability, the Deloitte methodology is replicated for the additional years covered by this analysis.

The total value of office transactions in Jersey were identified from market reports on the size of the office investment market in Jersey. While we note that the office investment market is not the entirety of office market, data on the size of the whole market is not publicly available; these estimates of the total value of office transactions are therefore likely to be conservative. For 2018, only a combined value for the Jersey and Guernsey office markets was available, so (using a methodology deployed by Deloitte) a Jersey-specific figure was calculated using other information.

Total value of office transactions

Year	Total value of office transactions, £	Source
2018	163,150,000	See '2018 total value of office transactions calculations' table below.
2019	111,000,000	D2RE, 'UK and Channel Islands: Commercial Property Market Review & Outlook 2020', p.4.
2020	30,500,000	D2RE, 'UK and Channel Islands: Commercial Property Market Review & Outlook 2021', p.10. We assume that 50% of the total investment in the Channel Islands occurred in Jersey, as the report comments that the total £61 million investment was 'evenly spread across both islands [Jersey and Guernsey]'.

The value of office transactions in Jersey in 2018 was derived from the combined Jersey and Guernsey figure as follows. The value of known office transactions in Jersey and Guernsey was subtracted from the total value of office transactions in Jersey and Guernsey to derive an 'unallocated balance'. The known office transactions were identified from market reports as well as Stamp Duty and other information provided to LE for the preparation of this report. The unallocated balance, representing the value of unknown office transactions across Jersey and Guernsey, was assigned half to Jersey and half to Guernsey by assumption. The total value of office transactions in Jersey in 2018 was calculated as the sum of half of the unallocated balance and the value of known office transactions in Jersey in that year.

2018 total value of office transactions calculations

Transaction	Value, £	Source/Assumption
Known office transactions, Jersey, 2018	159,500,000	-
<i>Gaspé House</i>	<i>90,000,000</i>	D2RE, 'UK and Channel Islands: Commercial Property Market Review & Outlook 2019', p.4.
<i>IFC1</i>	<i>43,700,000</i>	D2RE, 'IFC 1 sold for £43.7 million'.
<i>Office transactions subject to Stamp Duty</i>	<i>25,800,000</i>	Stamp Duty data provided to LE.

Transaction	Value, £	Source/Assumption
Known office transactions, Guernsey, 2018	18,200,000	Information provided to LE.
Total office transactions, Jersey and Guernsey, 2018	185,000,000	D2RE, 'UK and Channel Islands: Commercial Property Market Review & Outlook 2019', p.4.
Unallocated balance	7,300,000	-
Amount of unallocated balance assigned to Jersey	3,650,000	Assume that 50% of the unallocated balance was in Jersey.
Total value of office transactions, Jersey, 2018	163,150,000	-

The total value of excluded office transactions was calculated by subtracting the value of office transactions of over £1 million on which Stamp Duty was paid from the total value of office investment transactions in each year.

Calculation of the value of excluded office transactions

	2018	2019	2020
Total value of office transactions, £	163,150,000	111,000,000	30,500,000
Value of in-scope transactions, £	25,800,000	26,030,000	11,510,000
Value of excluded transactions, £	137,350,000	84,970,000	18,990,000

Source: LE analysis of Stamp Duty data and D2RE market reports, available at <https://d2re.co.uk/research/>.

Next, the value of Stamp Duty forgone on excluded transactions was calculated. It should be noted that some of the transactions may have involved the leasehold rather than the freehold of a commercial property. In these cases, the rate of EPTT on those transactions would be lower than calculated here.

The Stamp Duty forgone on the known excluded office transactions was calculated using Stamp Duty rates.

Calculation of the value of Stamp Duty forgone on known excluded office transactions

Transaction (property)	Value, £	Year	Stamp Duty, £
Gaspé House	90,000,000	2018	4,459,500
IFC1	43,700,000	2018	2,144,500
Total	133,700,000	-	6,604,000

The value of unknown excluded office transactions was calculated for each year by subtracting the value of known excluded transactions from the total value of excluded transactions.

Value of unknown excluded office transactions

	2018	2019	2020
Total value of excluded transactions, £	137,350,000	84,970,000	22,425,000
Value of known excluded transactions, £	133,700,000	0	0
Value of unknown excluded transactions, £	3,650,000	84,970,000	22,425,000

Next, the Stamp Duty forgone on unknown excluded office transactions was calculated for each year. Stamp Duty in Jersey has a component that varies according to the value of the property being transacted, so the value of Stamp Duty forgone on unknown excluded office transactions depends on the average value of those transactions. Following Deloitte's methodology, a Stamp Duty per transaction was calculated for a range of average values. This Stamp Duty per transaction was multiplied by the number of transactions implied by that average value (given the total value of unknown excluded office transactions in that year) to arrive at an estimate of the total amount of Stamp Duty forgone from unknown excluded office transactions in that year.³¹ This generated a range of potential values corresponding to different assumptions about the average size of unknown transactions.

Calculation of SD forgone on unknown excluded office transactions

Average value of unknown transactions, £	Implied SD per unknown transaction, £	SD from unknown transactions in 2018, £	SD from unknown transactions in 2019, £	SD from unknown transactions in 2020, £
1,000,000	22000	80,300	1,869,340	493,350
2,000,000	59500	108,588	2,527,858	667,144
3,000,000	109500	133,225	3,101,405	818,513
4,000,000	159500	-	3,388,179	894,197
5,000,000	209500	-	3,560,243	939,608
6,000,000	259500	-	3,674,953	969,881
7,000,000	309500	-	3,756,888	991,505
8,000,000	359500	-	3,818,339	1,007,723
9,000,000	409500	-	3,866,135	1,020,338
10,000,000	459500	-	3,904,372	1,030,429
11,000,000	509500	-	3,935,656	1,038,685
12,000,000	559500	-	3,961,726	1,045,566
13,000,000	609500	-	3,983,786	1,051,388
14,000,000	659500	-	4,002,694	1,056,378
15,000,000	709500	-	4,019,081	1,060,703
16,000,000	759500	-	4,033,420	1,064,487

The total Stamp Duty forgone from excluded office transactions in each year was then calculated by adding together the Stamp Duty forgone from known excluded office transactions and the Stamp Duty forgone from unknown excluded office transactions.

In the 'Low' scenario, unknown transactions were assumed to have the smallest average value (being £1 million).

Calculation of total SD forgone from excluded office transactions in the 'Low' scenario

	2018	2019	2020
SD forgone from known excluded office transactions, £	6,604,000	0	0
SD forgone from unknown excluded office transactions, £	80,300	1,869,340	493,350

³¹ This estimate is only an approximation, since these average values do not necessarily imply an integer number of transactions in each year.

	2018	2019	2020
Total SD forgone from excluded office transactions, £	6,684,300	1,869,340	493,350

In the 'High' scenario, unknown transactions were assumed to have the highest possible average value (either £16 million or the greatest of the average values considered below the total value of unknown excluded office transactions, if the latter is lower³²).

Calculation of total SD forgone from excluded office transactions in the 'High' scenario

	2018	2019	2020
SD forgone from known excluded office transactions, £	6,604,000	0	0
SD forgone from unknown excluded office transactions, £	133,225	4,033,420	1,064,487
Total SD forgone from excluded office transactions, £	6,737,225	4,033,420	1,064,487

Finally, the Stamp Duty forgone from excluded transactions was calculated for the 'Average' scenario, as the (mean) average of the values in the 'Low' and 'High' scenarios.

Calculation of total SD forgone from excluded office transactions in the 'Average' scenario

	2018	2019	2020
SD forgone from known excluded office transactions, £	6,604,000	0	0
SD forgone from unknown excluded office transactions, £	106,763	2,951,380	778,918
Total SD forgone from excluded office transactions, £	6,710,763	2,951,380	778,918

Using Stamp Duty data, the fraction, by value, of commercial transactions of over £1 million that was calculated for each year.

Share of office transactions in commercial transactions of over £1 million on which SD was payable, by value

2013	2014	2015	2016	2017	2018	2019	2020
60%*	60%*	85%	61%	32%	74%	59%	46%

Note: No Stamp Duty data available for 2013-2014, so for these years the average from the other years (2015-2020) is used.

Source: LE analysis of Stamp Duty data (2015-2017 values consistent with corresponding calculations in Deloitte report)

³² E.g. in 2018, the value of unknown excluded office transactions was £3.65 million so in the 'High' scenario an average value of £3 million was used since the a transaction of £4 million was not compatible with the total.

The estimates of Stamp Duty forgone on excluded office transactions were scaled according to this share in order to arrive at an estimate of Stamp Duty revenue forgone on all excluded commercial transactions. A similar calculation was performed in the Deloitte analysis.³³ This calculation assumes that office transactions account for the same share of excluded commercial transactions as they do of commercial transactions of over £1 million on which Stamp Duty was payable.

Calculation of SD revenue forgone on all excluded commercial transactions (£)

	2013	2014	2015	2016	2017	2018	2019	2020
High	401,850	602,774	164,499	2,738,178	7,245,911	8,981,057	3,163,730	899,624
Low	853,930	1,306,011	317,248	2,770,970	7,648,462	9,052,167	6,826,288	1,941,093
Average	627,890	954,393	240,874	2,754,574	7,447,186	9,016,612	4,995,009	1,420,359

³³ Deloitte (2019), 'Stamp Duty on Property Enveloped in Corporate Structures', p.11.



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3 Calculation of Stamp Duty on Excluded Transactions

3.1 Overview

In accordance with specification ii. detailed in Section 2, we have calculated an estimate of the value of real estate that has been transferred by way of excluded transactions in Jersey in the last 5 years, as well as that of the associated Stamp Duty that would have been paid had the excluded transactions been that of a sale of freehold, as opposed to a transfer of shares.

We have detailed our methodology below, as well as any assumptions that we have made in reaching the estimates provided.

Supporting schedules and detailed calculations are included in Appendices 1 – 5. We have referenced these where necessary throughout this section of our report.

3.2 Calculation Methodology

We have calculated the potential Stamp Duty payable on excluded transactions for the years 2013 – 2017 as detailed in Section 3.5 in accordance with the following methodology:

- i. We have estimated the total value of in-scope property transactions in Jersey for the period 2013 - 2017 (see Section 3.3 for details).
- ii. Utilising the information provided by the States of Jersey on Stamp Duty receipts on commercial property transactions for the period 1 January 2015 to 31 March 2018 (see Appendix 1 for details), we have been able to determine the value of in-scope transactions for 2015 – 2017 that were not subject to Stamp Duty at the time of completion (being the difference between the total in-scope transactions for a given year calculated in i., and the total value of in-scope transactions for a given year that were

subject to Stamp Duty per the information on Stamp Duty receipts provided by the States of Jersey) ('excluded transactions').

- iii. For the years in which details of Stamp Duty receipts are not available (2013 and 2014) we have estimated the value of excluded transactions based on the average ratio of excluded transactions to total in-scope transactions for the period 2015 – 2017 calculated in accordance with Step ii.
- iv. For each year under review, we have stripped out from the total 'excluded transactions' sales which we know were not subject to Stamp Duty (the 'known excluded transactions'), leaving us with a balance of 'unknown excluded transactions' for each year.
- v. For each year under review, we have then calculated a range of total potential Stamp Duty receipts based on average transaction values of £1m ('lower average transaction') to £16m ('upper average transaction') on these 'unknown excluded transactions'. Where the total value of 'unknown excluded transactions' is <£16m, we have restricted the upper average transaction accordingly.
- vi. The amount of Stamp Duty payable on a transaction was calculated in accordance with the bands and rates for commercial property transactions per the Stamp Duties and Fees (Jersey) Law 1998, as at 9 July 2018.

3.3 Total Value of in-Scope Property Transactions

Commercial property transactions include transactions of (i) Offices, (ii) Retail units, (iii) Industrial properties (e.g. warehouses, etc.), and (iv) Leisure / Hospitality properties (e.g. hotels, restaurants etc.).

For the purpose of determining an estimate of 'excluded transactions' in Jersey, we have focused on transactions of commercial 'Office' properties only (the 'in-scope transactions') on the basis that:

- i. 60.6% of commercial property transactions of value >£1m in the period 1 January 2015 – 31 March 2018 were of 'Office' type commercial properties (see Appendix 1 for details);
- ii. 91.7% of current commercial property listings in Jersey of value >£1m are 'Office' type commercial properties (see Appendix 5 for details); and
- iii. The availability of market data and research on transactions of 'Office' properties is greater, thereby facilitating a more accurate estimate of 'excluded transactions' of this type. Market data is not readily available for transactions of 'other' commercial property types thereby restricting the ability to produce accurate estimations of 'excluded transactions' of these other property types.

In addition, we note that we would not expect there to be a significant volume of residential type properties sold by way of 'excluded transactions' in Jersey (given the application of the LTT Law). Furthermore, to the extent that residential properties *are* acquired by way of an excluded transaction, we would not expect there to be any publically available information e.g. market reports (due to the nature of the transaction) so as to quantify the potential Stamp Duty that would have been paid on said transaction were it a sale of freehold. Furthermore, we would note that there are limited circumstances whereby a company is permitted to acquire residential property in Jersey, e.g. where the property is to be redeveloped, or will comprise of multiple self-contained dwellings (which are subject to LTT on any subsequent share-transfers). On this basis, we have focused on commercial property transactions only.

On the basis of the above, we would consider 'Office' properties to be that which the likelihood of transactions being by way of an 'excluded transaction' is highest.

Accordingly, we have estimated the total value of 'in-scope' transactions per year to be:

Table 3: Value of in-scope office investment transactions in Jersey (2013 - 2017)

	2013 [£'000]	2014 [£'000]	2015 [£'000]	2016 [£'000]	2017 [£'000]
Value of in-scope office investment transactions	£25,000	£37,000	£70,000	£69,000	£71,275

See Appendix 2 for further details of the above calculation.

3.4 Estimate of Excluded Office Transactions

In accordance with the method detailed in 3.2(ii) above, we have estimated the total value of excluded office transactions per year in Jersey in the period 2013 – 2017 to be:

Table 4: Estimated value of excluded office transactions in Jersey (2013 - 2017)

	2013 [£'000]	2014 [£'000]	2015 [£'000]	2016 [£'000]	2017 [£'000]
Estimated value of excluded transactions	£11,057	£16,366	£6,283	£35,700	£51,025

See Appendix 3 for further details of the calculation of the figures contained in Table 4.

3.5 Estimate of Stamp Duty on Excluded Office Transactions

We have calculated the potential Stamp Duty per year on the excluded office transactions in Table 4 for 2013 – 2017 to be as follows:

Table 5: Estimated Stamp Duty on excluded office transactions (2013 - 2017)

	2013 [£'000]	2014 [£'000]	2015 [£'000]	2016 [£'000]	2017 [£'000]	Total [£'000]
Stamp Duty Estimate (lower)	£240	£360	£140	£1,670	£2,340	£4,750
Stamp Duty Estimate (upper)	£510	£780	£270	£1,690	£2,470	£5,720
Average	£375	£570	£205	£1,680	£2,405	£5,235
Average (per year 2013 - 2017)	£1,050					

As detailed in Section 3.2 above, for each 'total' value of estimated excluded office transactions (per Table 4), we have calculated a range of potential Stamp Duty receipts on the basis of varying average values of transaction.

Accordingly, we have included in Table 5 above our 'lower' estimate of the potential Stamp Duty receipts, being that of the total Stamp Duty receipts where there is a high number of low value transactions, and our 'upper' estimate of the potential Stamp Duty receipts, being that of the total receipts where there is a low number of high value transactions.

For those 'known excluded transactions' we have calculated the Stamp Duty that would have been payable were the transaction a sale of the freehold, and have included these amounts in the 'upper' and 'lower' estimates of Stamp Duty per year in Table 5 above.

3.6 Future Excluded Transactions

As detailed in Appendix 5, the following commercial listings are specifically listed as that of being a sale of an SPV, or have a sale of SPV as an available option to potential purchasers.

Accordingly, we would not expect duty to be payable by the purchaser on acquisition of the following properties.

Table 6: Current commercial property listings in Jersey with SPV available.

Property name / address	Listing asking price [£]	Stamp Duty if sold freehold at asking price [£]
International Finance Centre 1, St Helier, Jersey	£43,300,000	£2,124,500
Sir Walter Raleigh House, 48 - 50 Esplanade, St Helier, Jersey	£8,300,000	£374,500
Total	£51,600,000	£2,499,000

Links to the respective listings can be found in Appendix 5.

The first available property in the International Finance Centre ("IFC") development has been listed by the Jersey Development Company as being available by way of an SPV.

We note that there are an additional 5 properties within the IFC development, each of broadly similar size, to be completed over the coming years.

Assuming that a similar value to that of No 1 IFC, of £43m, was achieved in respect of each of the remaining 5 properties then this would give rise to a total consideration of £215m (being 5 x £43m).

Accordingly if the remaining 5 properties in the development were to be sold by way of SPV then a total of £10,500k (being 5 x £2,100K/property) stamp duty would not arise.

For completeness, we would note that in practice, were the properties to be sold freehold as opposed to the sale of an SPV the asking price, and corresponding purchase price, would most likely decrease slightly to reflect the increase in purchasers costs. As such the actual stamp duty receipts would likely be slightly less than that estimated above.

3.7 Analysis / Conclusions

The maximum amount of potential Stamp Duty on excluded office transactions was in 2017, with an estimated average amount of £2,405,000 being avoided by way of excluded transactions.

We would note that the vast majority (c92%) of this amount arises as a result of the sale of 37 Esplanade by way of an 'excluded transaction' for consideration of £45m. Stripping out the impact of this transaction leaves a small average balance of Stamp Duty on 'unknown excluded transactions' for the year of c£197,000.

Similarly, we would note that the vast majority (c96%) of the average amount of Stamp Duty on excluded office transactions in 2016 of £1,680,000 arises as a result of the sale of Liberation House and Windward House to the Channel Islands Property Fund by way of a share transfer for consideration of £33m. Stripping out the impact of this transaction leaves a small average balance of Stamp Duty on 'unknown excluded transactions' for the year of c£70,000.

There were a relatively small amount of 'excluded office transactions' in 2015, with a corresponding loss of Stamp Duty in the region of c£205,000.

We have calculated that an average of £1,050,000 of Stamp Duty would have arisen annually by way of excluded transactions on Office type commercial property in the last 5 years (2013 – 2017). Assuming average annual total Stamp Duty receipts of c£25m p.a., this represents 4.2% of the total current annual Stamp Duty receipts.

On the assumption that Office property represents c60% of the total commercial property market, it is possible that an additional £700,000 of Stamp Duty would have arisen annually by way of excluded transactions on non-Office type commercial property over the same period.

We have not identified any apparent 'trends' in terms of the ratio of excluded to taxable transactions. We would note that this is likely due to the fact that, given the relatively small commercial property market in Jersey (in terms of volume of

supply), transactions that are large in value (e.g. 37 Esplanade) have a significant impact on the results of our analysis for the particular year under review.

There is currently a total of £51.6m of commercial property listed for sale in Jersey by way of a sale of an SPV, as opposed to that of a sale of the freehold³. Were these property listings to be completed by way of sales of freehold, total stamp duty receipts of £2,499,000 would be payable.

International Finance Centre 1 represents £43.3m of this amount and is listed as a sale of SPV⁴. Assuming a similar value to that of IFC 1 for each of the remaining 5 properties in the development, and on the basis that these will be sold in a similar manner to that of IFC 1 (i.e. by way of a sale of SPV and not a sale of the freehold), we have estimated that £10,550,000 of stamp duty would not arise when compared to that which would be payable were the properties sold freehold.

³ As at July 2018.

⁴ As at July 2018.

Appendix 1: Stamp Duty Receipts (2015 – Q1 2018)

Table 15: Stamp Duty receipts on commercial property transactions over £1m (1 January 2015 - 31 March 2018)⁹

Property Name / Address	Property Type ¹⁰	Date [oldest to newest]	Sale Price [£]	Stamp Duty Receipt [£]	Comments
44 Esplanade & 17/21 Seaton Place	Office	01-Jan-15	£27,000,000	£1,309,500	-
West House	Office	01-Jan-15	£7,100,000	£314,500	Mixed use premises located at West's Centre, St Helier, Jersey. Assumed predominantly Office use.
Block 4 The Forum	Office	01-Jan-15	£4,500,000	£184,500	-
26 New Street & other buildings known as Dumaresq House	Office	02-Feb-15	£12,984,952	£608,748	-
Sir Walter Raleigh House, 48-50 The Esplanade	Office	03-Mar-15	£6,450,000	£282,000	-
29 - 31 Seaton Place	Office	04-Apr-15	£1,980,000	£58,700	-
1 Grenville Street	Office	04-Apr-15	£1,500,000	£39,500	-
Centurion House	Retail	04-Apr-15	£1,050,000	£23,750	Mixed use premises. Assumed predominantly Retail use.
Portelet Hotel	Hospitality	05-May-15	£5,425,000	£194,720	-
Westaway Chambers	Office	05-May-15	£1,079,000	£24,765	Mixed use premises. Assumed predominantly Office use.
19 Queen Street & 2 & 4 Halkett Street	Retail	06-Jun-15	£2,750,000	£97,000	-
29 Broad Street	Office	09-Sep-15	£1,122,650	£26,293	-
Warehouse/Buildings, Rue Des Pres Trading Estate	Industrial	11-Nov-15	£1,925,000	£56,500	-
Court House Hotel	Hospitality	01-Jan-16	£2,950,000	£107,000	-
Thomas Edge House	Industrial	04-Apr-16	£7,599,588	£332,263	Mixed use premises. Assumed predominantly industrial use.
Denvil, La Rue de L'Eglise, St Peter	Retail	04-Apr-16	£1,775,000	£50,500	-
13 & 14 Esplanade	Office	07-Jul-16	£10,750,000	£497,000	-
11 La Rue Le Gros, Rue Des Pres Trading Estate	Industrial	07-Jul-16	£1,650,000	£45,500	-

⁹ Source: States of Jersey

¹⁰ Categories based on high-level review of publically available information on the relevant property transaction.

Property Name / Address	Property Type ¹⁰	Date [oldest to newest]	Sale Price [£]	Stamp Duty Receipt [£]	Comments
Eaton House	Office	08-Aug-16	£1,550,000	£41,500	-
Storage/Warehousing, Heatherbrae Farm	Industrial	09-Sep-16	£1,575,000	£42,500	-
Large Building, yard & Land, Southern part of L'Industrie	Industrial	09-Sep-16	£1,500,000	£39,500	-
9 Bond Street	Office	10-Oct-16	£1,500,000	£39,500	-
20 King Street & 1,3,5 Don Street	Retail	11-Nov-16	£4,450,000	£182,000	-
1 The Forum	Office	11-Nov-16	£4,250,000	£172,000	-
Kingsgate House, 55 Esplanade	Office	12-Dec-16	£6,600,000	£289,500	-
7 Castle Street	Office	12-Dec-16	£4,400,000	£179,500	-
1 The Forum	Office	12-Dec-16	£4,250,000	£172,000	-
35 - 37 New Street	Office	01-Jan-17	£2,100,000	£64,500	Mixed use premises. Assumed predominantly Office use.
Isola Bella Restaurant	Hospitality	01-Jan-17	£1,200,000	£29,000	-
Les Charrieres Hotel	Hospitality	02-Feb-17	£1,700,000	£47,500	-
38 & 39 The Esplanade	Office	03-Mar-17	£11,900,000	£554,500	-
7 Esplanade	Office	03-Mar-17	£2,750,000	£97,000	-
Lido Medical Centre	Retail	06-Jun-17	£10,555,000	£108,325	-
24 Union Street	Residential ¹¹	08-Aug-17	£2,500,000	£84,500	Purchased to develop into residential property.
Building, yard or passage, part of De Gruchy Department Store	Retail	10-Oct-17	£21,500,000	£1,034,500	-
International House bearing No 18 York Street	Office	10-Oct-17	£3,500,000	£134,500	Mixed use premises. Assumed predominantly Office use.
La Motte Chambers & Maison de la Colomberie	Residential ¹¹	12-Dec-17	£3,500,000	£134,500	Purchased to develop into residential property.

¹¹ Categorised as Residential on basis that acquisition was for purpose of re-development to residential properties. Accordingly we have assumed that these acquisitions are not included in Jersey market research publications for transactions of Office properties.

Property Name / Address	Property Type ¹⁰	Date [oldest to newest]	Sale Price [£]	Stamp Duty Receipt [£]	Comments
59 Halkett Place ¹²	Retail	12-Dec-17	£1,500,000	£39,500	-
Northern Ware House, Bellozanne Valley	Industrial	01-Jan-18	£2,225,000	£70,750	-
Spectrum House	Office	02-Feb-18	£1,800,000	£51,500	-
Total			£196,396,190	£7,861,314	-

Table 16: Analysis of property type for commercial property transactions over £1m on which stamp duty was payable(1 January 2015 - 31 March 2018)

Transactions by property type [£sales price [% of total annual transactions]]	2015	2016	2017	2018	Total [£sales price [% of total transactions in period 2015 – Q1 2018]]
Industrial	£1,925,000 [2.6%]	£12,324,588 [22.5.%]	£0 [0%]	£2,225,000 [55.3%]	£16,474,588 [8.4%]
Hospitality	£5,425,000 [7.2%]	£2,950,000 [5.4%]	£2,900,000 [4.6%]	£0[0%]	£11,275,000 [5.7%]
Office	£63,716,602 [85.1%]	£33,300,000 [60.8%]	£20,250,000 [32.3%]	£1,800,000 [44.7%]	£119,066,602 [60.6%]
Residential	£0 [0%]	£0 [0%]	£6,000,000 [9.6%]	£0 [0%]	£6,000,000 [3.1%]
Retail	£3,800,000 [5.1%]	£6,225,000 [11.4%]	£33,555,000 [53.5%]	£0 [0%]	£43,580,000 [22.2%]
Total	£74,866,602 [100%]	£54,799,588 [100%]	£62,705,000 [100%]	£4,025,000 [100%]	£196,396,190 [100%]

¹² Part of 'Regency House Portfolio'.

Appendix 2: Office Investment Transactions

Table 17: Jersey commercial real estate transactions (offices) 2013 - 2017

Source	2013 [£]	2014 [£]	2015 [£]	2016 [£]	2017 [£]
Jersey Office Market – October 2016, <i>BNP Paribas Real Estate</i> ¹³	£25,000,000	£37,000,000	£70,000,000	£69,000,000	
Channel Islands Office Market Review 2017, <i>D2 Real Estate</i> ¹⁴					£71,275,000*
Total	£25,000,000	£37,000,000	£70,000,000	£69,000,000	£71,275,000
*see calculation on following page.					

¹³ <https://d2re.co.uk/jersey-office-market-october-2016/> [accessed July 2018]

¹⁴ <https://d2re.co.uk/channel-islands-office-market-review-2017/> [accessed July 2018]

Table 18: Calculation of Jersey office investment transactions - 2017

	Ref	£]	Sub-total [£]
Total Channel Islands 2017 Transactions per D2 Real Estate Report	[a]		£150,000,000
<i>Less: Known 'large' Office transactions Jersey & Guernsey 2017¹⁵</i>			
37 Esplanade, St Helier, Jersey		£45,000,000	
38 – 39 Esplanade, St Helier, Jersey		£11,900,000	
7 Esplanade		£2,750,000	
35 – 37 New Street		£2,100,000	
International House bearing No 18 York Street		£3,500,000	
<i>Sub-total (Jersey)</i>	[b]		£65,250,000
Royal Chambers, Guernsey		£46,700,000	
Royal Bank Place, Guernsey		£26,000,000	
<i>Sub-total (Guernsey)</i>	[c]		£72,700,000
<i>Total known 'large' Office transactions 2017 - CI</i>	<i>[d] = [b] + [c]</i>		<i>£137,950,000</i>
Balance	[e] = [a] – [d]		£12,050,000
50% of unallocated balance (assumed Jersey)	[f]		£6,025,000
2017 – Total Jersey Total Office Investment Transactions	[g] = [b] + [f]		£71,275,000

¹⁵ For completeness, we note that this list may not be exhaustive and is based on publically available information for commercial property transactions in Jersey and Guernsey in 2017. Accordingly, there may have been transactions for which we have not been made aware.

Appendix 3: Calculation of Excluded Transactions (2013 – 2017)

Table 19: Calculation of Excluded Office Transactions 2015 - 2017

Heading (Source)	Ref	2015 [£]	2016 [£]	2017 [£]
Total Office Investment Transactions (Ref: Table 17)	[a]	£70,000,000	£69,000,000	£71,275,000
<i>Less: Office Transactions on which Stamp Duty was paid (Ref: Table 15)</i>				
44 Esplanade & 17/21 Seaton Place		£27,000,000		
West House		£7,100,000		
Block 4 The Forum		£4,500,000		
26 New Street & Other buildings known as Dumaresq House		£12,984,952		
Sir Walter Raleigh House, 48 – 50 The Esplanade		£6,450,000		
29 – 31 Seaton Place		£1,980,000		
1 Grenville Street		£1,500,000		
Westaway Chambers		£1,079,000		
29 Broad Street		£1,122,650		
Sub-total	[b]	£63,716,602		
13 & 14 Esplanade			£10,750,000	
Eaton House			£1,550,000	
9 Bond Street			£1,500,000	
1 The Forum			£4,250,000	
Kingsgate House, 55 Esplanade			£6,600,000	
7 Castle Street			£4,400,000	
<i>Continued overleaf...</i>				

1 The Forum			£4,250,000		
Sub-total		[c]	£33,300,000		
35 – 37 New Street				£2,100,000	
38 & 39 The Esplanade				£11,900,000	
7 Esplanade				£2,750,000	
International House bearing No 18 York Street				£3,500,000	
Sub-total		[d]		£20,250,000	
Excluded Transactions		[a] – [b], [a] – [c], [a] – [d]	£6,283,398	£35,700,000	£51,025,000

Information on Stamp Duty receipts on commercial property transactions >£1m for years 2013 and 2014 is not available from the States of Jersey. Accordingly, we have estimated the value of excluded transactions for these years by applying the average ratio of excluded:total transactions for years 2015 – 2017 to the total office investment transactions for 2013 and 2014 as detailed in Table 17 as follows

Table 20: Calculation of Excluded Transactions 2013 - 2014

Heading (Source)	Ref	2013 [£]	2014 [£]	2015 [£]	2016 [£]	2017 [£]	Total [£]
Excluded Transactions 2015 - 2017 (calculated in Table 19)	[a]	-	-	£6,283,398	£35,700,000	£51,025,000	£93,008,398
Total Transactions (calculated in Table 17)	[b]	£25,000,000	£37,000,000	£70,000,000	£69,000,000	£70,600,000	£209,600,000
% ratio excluded transactions:total transactions	[c] = [a] ÷ [b]			9.0%	51.7%	71.6%	44.2%
Excluded Transactions 2013 – 2014	[c] × [b]	£11,057,948	£16,365,763	-	-	-	-
Excluded Transactions (2013 – 2014)		£11,057,948	£16,365,763				-

Appendix 4: Stamp Duty on Excluded Transactions (2013 -2017)

We have calculated the Stamp Duty that would have been paid on the excluded transactions calculated in Appendix 3 for a range of average transaction value, as follows.

Table 21: Calculation of Stamp Duty on excluded office transactions (2013 – 2017)

Average Transaction Value [£]	Stamp Duty on Average Transaction Value [£]	Total Stamp Duty on Excluded Transactions per year (average transaction values £1m - £16m)				
		2013 [£]	2014 [£]	2015 [£]	2016 [£]	2017 [£]
Total 'excluded transactions' (Ref: Table 19, Table 20)		£11,057,948	£16,365,763	£6,283,398	£35,700,000	£51,025,000
Less: Known significant 'excluded transactions'						
37 Esplanade, St Helier.						(£45,000,000)
Liberation House & Windward House, St Helier.					(£33,000,000)	
Unknown Excluded Transactions		£11,057,948	£16,365,763	£6,283,398	£2,700,000	£6,025,000
Stamp Duty on known significant 'excluded transactions'					£1,609,500	£2,209,500
Stamp Duty on unknown 'excluded transactions' with range of average transaction value						
£1,000,000	£22,000	£243,274	£360,045	£138,234	£59,400	£132,549
£2,000,000	£59,500	£328,973	£486,880	£186,931	£80,325	£179,243
£3,000,000	£109,500	£403,614	£597,349	£229,344	-	£219,912
£4,000,000	£159,500	£440,935	£652,584	£250,550	-	£240,247
£5,000,000	£209,500	£463,328	£685,725	£263,274	-	£252,447
£6,000,000	£259,500	£478,256	£707,819	£271,757	-	£260,581
£7,000,000	£309,500	£488,919	£723,600	-	-	-
£8,000,000	£359,500	£496,916	£735,436	-	-	-

Average Transaction Value [£]	Stamp Duty on Average Transaction Value [£]	Total Stamp Duty on Excluded Transactions per year (average transaction values £1m - £16m)				
		2013 [£]	2014 [£]	2015 [£]	2016 [£]	2017 [£]
£9,000,000	£409,500	£503,136	£744,642	-	-	-
£10,000,000	£459,500	£508,113	£752,007	-	-	-
£11,000,000	£509,500	£512,184	£758,032	-	-	-
£12,000,000	£559,500	-	£763,053	-	-	-
£13,000,000	£609,500	-	£767,302	-	-	-
£14,000,000	£659,500	-	£770,944	-	-	-
£15,000,000	£709,500	-	£774,100	-	-	-
£16,000,000	£759,500	-	£776,862	-	-	-

We have calculated the maximum and minimum levels of Stamp Duty on excluded transactions during the period 2013 – 2017 as follows.

For those years in which there are 'known significant excluded transactions' (e.g. 2016 and 2017), we have calculated the maximum and minimum levels of Stamp Duty based on the Stamp Duty that would have been payable on the actual transaction value of those 'known' transactions, plus the maximum/minimum Stamp Duty calculated for each of the average transaction values for the remaining balance of 'unknown excluded transactions'.

Table 22: Analysis of Stamp Duty on excluded office transactions (2013 – 2017)

Analysis of Results	2013 [£]	2014 [£]	2015 [£]	2016 [£]	2017 [£]	Total 2013 – 2017 [£]
Minimum	£243,274	£360,045	£138,234	£1,668,900	£2,342,049	£4,752,503
Maximum	£512,184	£776,862	£271,757	£1,689,825	£2,470,081	£5,720,709
Average	£377,729	£568,454	£204,995	£1,679,362	£2,406,065	£5,236,606
Average per year (2013 – 2017)						£1,047,321

Table 23: Analysis of Stamp Duty on excluded office transactions (2013 – 2017) (rounded)

Analysis of Results (rounded)	2013 [£'000]	2014 [£'000]	2015 [£'000]	2016 [£'000]	2017 [£'000]	Total 2013 – 2017 [£'000]
Minimum	£240	£360	£140	£1,670	£2,340	£4,750
Maximum	£510	£780	£270	£1,690	£2,470	£5,720
Average	£375	£570	£205	£1,680	£2,405	£5,235
Average per year (2013 – 2017)						£1,050

Appendix 5: Current Commercial Property Listings in Jersey (>£1m)

Table 24: Current commercial property listings in Jersey (>£1m)¹⁶

Agent	Property Name / Address	Property Type	Asking Price [£]	SPV available? ¹⁷	Notes	Link to Listing ¹⁸
D2 Real Estate	International Finance Centre 1, St Helier, Jersey	Office	£43,300,000	Yes	£2,124,500 of Stamp Duty if sold freehold at asking price.	Link to listing
D2 Real Estate	Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey	Office	£8,300,000	Yes	£374,500 of Stamp Duty if sold freehold at asking price.	Link to listing
D2 Real Estate	Charter Place, Seaton Place, St Helier, Jersey	Office	£12,500,000	No	Listed as sale of freehold in specification document.	Link to listing
D2 Real Estate	23 King Street, St Helier, Jersey	Retail	£1,750,000	No	Mixed use: retail, office and residential.	Link to listing
Buckley & Co	Kleinwort Benson House and West House, St Helier, Jersey	Office	£4,250,000	No	Listed as sale of freehold on listing. Sold subject to contract.	Link to listing
Buckley & Co	47 / 49 La Motte Street, St Helier, Jersey	Office	£11,165,000	No	Listed as sale of freehold on listing.	Link to listing
Buckley & Co	Malzard & Wellington House, St Helier, Jersey	Office	£1,750,000	No	No detail given. Assumed sale of freehold.	Link to listing
Gaudin & Co	St James Bar, 5 Rue de Funchal, St Helier, Jersey	Hospitality	£1,500,000	No	Listed as sale of freehold on listing.	Link to listing
Gaudin & Co	Le Boulevard, St Brelades, Jersey	Hospitality	£2,500,000	No	No detail given. Assumed sale of freehold.	Link to listing
Gaudin & Co	Don Street, St Helier, Jersey	Retail	£1,600,000	No	No detail given. Assumed sale of freehold.	Link to listing
Total			£88,615,000			

¹⁶ For completeness, we note that this list may not be exhaustive and is based on publically available information for commercial property listings in Jersey. Accordingly, there may be listings for which we are not aware.

¹⁷ Where SPV is not explicitly detailed in the property listing / specification document as being available for purchase, we have assumed that this option is not available. There may be instances where an SPV is available but is not detailed as such in the listing specification.

¹⁸ Live as at 6 July 2018.

Table 25: Analysis of current commercial property listings in Jersey (>£1m)

Property Type	Total Listings [£]	% of Total
Office	£81,265,000	91.7%
Retail	£3,350,000	3.8%
Hospitality	£4,000,000	4.5%
Total	£88,615,000	100%

Re-issue Note

This addendum was re-issued to include two excerpts from a report authored by Deloitte. The information contained in these excerpts were referred to in the economic analysis report in this addendum.