
STATES OF JERSEY



ACTION ON VACANT PROPERTIES (R.165/2022) – COMMENTS

Presented to the States on 7th March 2023
by Comité des Connétables

STATES GREFFE

REPORT

The Minister for Housing and Communities has presented to the States Assembly his report ‘Action on Vacant Properties’. In it, the Minister sets out a summary of the actions and future options to address vacant homes and the current housing crisis in Jersey.

In the report, the Minister confirms that whilst he has included options for two different types of empty property tax, he does not presently support these options.

Those options are outlined in Section 8 of the report and include reference to Parish rates. To avoid any misunderstanding, the Comité presents these comments to clarify and explain the Parish rates system.

Transactional and recurrent property taxes

On page 29 of the report, comparison is made to the split between transactional and recurrent taxes.

When considering the use of property taxes in Jersey, it is important to consider the split between transactional and recurrent taxes. Although across the OECD, recurrent taxes account for, on average, 62% of property tax revenue, they represented just 18% of Jersey’s property tax revenue in 2021.¹ This indicates that Jersey’s property tax system is heavily weighted towards transactional taxes, with £61m collected through transactional taxes in 2021 against £14m in recurrent taxes.

Page 194 of the States of Jersey 2021 Annual Report and Accounts shows property taxes of £75m of which only £14m (18%) was raised from the Island Rate (a recurrent tax) with £61m raised from Stamp Duty (a transactional tax).

The % comparison with OECD may be misleading. The property tax received by the States of Jersey relates to stamp duty and to the island-wide rate. The island-wide rate was first introduced in 2006. It took into account the payments from Parish rates towards the cost of welfare at the date that it was replaced by the Income Support scheme². Prior to that the States received no recurrent property taxes. It is not comparable with the types of “recurrent tax” which are imposed by other countries to raise income.

A property tax, in the form of Parish Rates (recurrent), is received by the Parishes.

UK Council Tax compared to Jersey rates

On page 30 of the report, the example is given of the Council Tax for a property with a current market value of £2,500,000 in Oxford and the Parish rates for a property of that value in Trinity.

It is not clear why the report has used the market value for such a comparison. The Parish rates in Jersey are based on attributes³ and not market value of the property.

¹ States of Jersey 2021 Annual Report and Accounts, pg. 194

² The Parishes funded the cost of welfare for those born in the Island, the States funded the cost of welfare for those not born in Jersey.

³ Attributes are defined in the Rates (Jersey) Law 2005 as the size, location, accommodation, condition and use of the land and the quality of any house, building or other structure in, on, under or over the land.

Further, the expenditure funded by Parish rates in Jersey differs from that funded by the Council Tax in the UK so the sums paid are not comparable.

Tax option 1 – vacant property surcharge under Rates Law

On page 31 the report states –

Design

Rates are levied each year on every property in Jersey. The amount payable is calculated based upon the rateable value of the property (expressed in ‘quarters’). The rateable value is based on the potential rental value of a property as per the last assessment. The rateable values have not been reassessed across the Island since 2003 despite previous attempts; most recently, in 2019, the Rates Working Group agreed by majority not to revalorise.

The rateable value is based on the attributes of the land and is NOT based on the potential rental value of a property.

Prior to 2003, Parish rates were based on the rental value but the States – after many reviews and much consideration – decided to freeze the rateable values and that assessments would thereafter relate to the attributes of the land.

The report is correct that a Rates Working Group considered whether there should be a revaluation of rateable values based on a monetary value.⁴ The Group considered the full range of issues associated with revaluing property in Jersey for rates purposes and the report recommended that there should not be a revaluation of property in Jersey. This was on the basis that the monetary adjustment for the majority of ratepayers would be small but the cost of carrying out a revaluation could be high.

The last paragraph on page 31 of the report states –

Both owners and occupiers are required to pay the parish rate and the Island-wide rate. If the property is unoccupied, the total liability falls on the owner.

It should be understood that under the Rates (Jersey) Law 2005 there is always an owner and an occupier for all property. The definitions are set out in the Law and if there is no person meeting the definition of ‘occupier’ (for example there is no lessee) then the owner is the occupier of the property.

On pages 32 and 33 the report refers to Legislative and administrative requirements. For clarity the following should be noted –

- Implementation and operation costs: refers to “a surcharge most likely administered by current rates assessors, which would minimise any additional administrative costs”. The role of the Rates Assessors is to assess the rateable value of a property. The assessors do not administer the annual collection of information, issue of notices and payment of rates – all this is undertaken by paid employees of the Parish. The imposition of a surcharge is therefore likely to incur additional administrative costs for the parishes.

⁴ Rates Working Group report [Revaluation of rateable quarters of property in Jersey \(gov.je\)](https://www.gov.je/revaluation)

- Rateable values: refers to levying “recurrent property taxes using outdated property values ...”. But as explained above, the rateable values are not linked to market values (either capital or rental values) but are based on the attributes of the land.