WQ.409/2024

WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY P.F.C. OZOUF OF ST. SAVIOUR QUESTION SUBMITTED ON MONDAY 4th NOVEMBER 2024 ANSWER TO BE TABLED ON MONDAY 11th NOVEMBER 2024

Question

"In relation to stamp duty collections, will the Minister –

(a) provide an update on recent stamp duty collections on the sale of residential properties;
(b) state whether the amount collected to date has met the projected target;
(c) provide a breakdown of the types of properties expected to transact at the time of the Income Tax Forecasting Group's initial estimate; and
(d) advise whether she considers there will be a need for any adjustments or stimulus measures to support housing transactions and stamp duty income?"

Answer

At the end of October 2024, approximately £30m had been collected from stamp duty, enveloped property transaction tax and land transaction tax. It is estimated that around £2m of this refers to property that is not residential.

However, because the stamp duty data is not disaggregated it is not possible to confirm this with certainty.

The total stamp duty forecast for 2024 is £38m. Excluding revenue from wills and probate, this forecast is £35m. Due to the way data is collected, there is not a disaggregated forecast between residential and non-residential transactions.

At a macro level, the stamp duty forecast takes account of trends in the housing market as well as relevant legislative and policy changes that have been passed by the Assembly since the previous forecast. It is also based on actual historic stamp duty data, split between transactions below and above £2m. The Fiscal Policy Panel's (FPP) assumptions with respect to housing transactions and property prices were used alongside outturn data to produce the Stamp Duty forecast. The FPP, in setting their assumptions, took account of all available and relevant information including interest rates (and market expectations for interest rates), the increase in eligible property price for first time buyers, the completion of off-plan developments, and the increase in the minimum property price for high value residents.

My position on this aligns with that set out most recently in the FPP's Housing Report; "interventions that slow down adjustment of the housing market to changing economic conditions are not desirable". As stated recently in WQ.370/2024, Jersey's housing market is in a delicate but recovering position, as evidenced in the Q3 2024 House Price Index, and I am not inclined to contradict FPP advice against stimulus measures.

The housing market is ultimately driven by affordability. The combination of high house prices in Jersey (relative to income) and high borrowing costs means affordability is low. The continued fall in interest rates underpins the FPP's forecast of increasing transactions and will be the most important factor in the continued recovery of the housing market. We will keep this under review. However, with lowering interest rates, I do not believe there is a need for stimulus measures at present.