

STATES OF JERSEY



PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024 AMD.(25)) – AMENDMENT

Lodged au Greffe on 19th November 2024
by Deputy P.F.C. Ozouf of St. Saviour
Earliest date for debate: 26th November 2024

STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024):
TWENTY-FIFTH AMENDMENT (P.51/2024 AMD.(25)) – AMENDMENT

1 PAGE 2, PARAGRAPH 1 –

Substitute the figure “£12,000,000” with the figure “£10,500,000” and after the words “to reflect” insert the words “the cost of introducing”.

After the words “holiday during 2025”, insert the words “, based on the Income Forecasting Group’s estimates from May 2024,”.

Delete the words “which will incur a flat 3% stamp duty rate”.

2 PAGE 2, PARAGRAPH 2 –

Delete the words “which will incur a flat 3% stamp duty rate”.

DEPUTY P.F.C. OZOUF OF ST. SAVIOUR

Note: After this amendment, the amendment would read as follows –

1 PAGE 2, PARAGRAPH (a) –

After the words “Article 9(2)(a) of the Law” insert the words –

“, except that in Summary Table 1 the income estimate for Stamp Duty in 2025 should be reduced by £10,500,000 to reflect the cost of introducing a stamp duty holiday during 2025, based on the Income Forecasting Group’s estimates from May 2024, the reduction of income being based upon Stamp Duty being levied at 0% on properties valued up to £700,000, at 2.5% for those valued between £700,000 and £1,000,000, and with a taper for those valued between £1,000,000 and £1,200,000, and properties over £1,200,000 remaining subject to Stamp Duty at the full rate, such reduction to exclude buy-to let properties.”

2 PAGE 4, PARAGRAPH (o) –

After the words “set out in the Appendix to the accompanying Report” insert the words –

“, except that on page 30 after the words “the previously forecast”, there should be inserted the words “In order to promote a positive increase in the sale of residential properties a Stamp Duty holiday has been instigated for 2025, allowing properties up to a value of £700,000 to pay no Stamp Duty, with Stamp Duty levied at 2.5% on properties valued between £700,000 and £1,000,000 and a taper for properties valued between £1,000,000 and £1,200,000. Properties over £1,200,000 will remain subject to Stamp Duty at the full rate. This Stamp duty holiday will exclude buy-to let properties.”

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2025 – 2028 (entitled “Budget 2025-2028”) specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2025 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, except that in Summary Table 1 the income estimate for Stamp Duty in 2025 should be reduced by £10,500,000 to reflect the cost of introducing a stamp duty holiday during 2025, based on the Income Forecasting Group’s estimates from May 2024, the reduction of income being based upon Stamp Duty being levied at 0% on properties valued up to £700,000, at 2.5% for those valued between £700,000 and £1,000,000, and with a taper for those valued between £1,000,000 and £1,200,000, and properties over £1,200,000 remaining subject to Stamp Duty at the full rate, such reduction to exclude buy-to let properties.
- (b) to approve the proposed Changes to Approval for financing/borrowing for 2025, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.
- (c) to approve the transfers from one States fund to another for 2025 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- (d) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2025 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2024 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2025.
- (e) to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2025 of up to £2 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2024 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2025;
- (f) to approve each major project that is to be started or continued in 2025 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.
- (g) to approve the proposed amount to be appropriated from the Consolidated Fund for 2025, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.

- (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2025 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- (i) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2025 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.
- (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2025 as set out in Appendix 2 – Summary Table 8 to the Report.
- (k) to approve an updated and consolidated policy of the Strategic Reserve Fund as follows:

“The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005, is a permanent reserve only to be used:

- i. in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.
 - ii. if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme.
 - iii. to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly;
 - iv. as a holding fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing used to offset the repayment of debt, as and when required; and
 - v. in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.”
- (l) to approve the transfer to the Strategic Reserve of the amounts due as a result of the move from prior-year basis taxation after 31st December 2025, as and when these payments are received (estimated at £280 million).
 - (m) in relation to the new Government Headquarters (office), to approve;

- i. the exercising of the option to acquire the new Government Headquarters (estimated at £91 million), by the Public of the Island, in line with the pre-agreed terms; and
 - ii. the acquisition of the new Government Headquarters as an investment of the Social Security (Reserve) Fund (including authorising the meeting of expenses incurred in connection with the acquisition); and
 - iii. the subsequent leasing of the new Government Headquarters by the Public of the Island from the Social Security (Reserve) Fund, with commercial terms to be agreed between the Minister for Infrastructure (on behalf of the Public) and Minister for Social Security and the Minister for Treasury and Resources (both on behalf of the Fund); and
- (n) in relation to the new Government Headquarters, to authorise H.M. Attorney General, the Greffier of the States, the Ministers for Infrastructure, Social Security and Treasury and Resources, and the Public of the Island, to enter into such arrangements, including financing, and pass any contracts as are necessary to put into effect paragraph (m).
- (o) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2025-2028, as set out in the Appendix to the accompanying Report, **except that on page 30 after the words “the previously forecast”, there should be inserted the words “In order to promote a positive increase in the sale of residential properties a Stamp Duty holiday has been instigated for 2025, allowing properties up to a value of £700,000 to pay no Stamp Duty, with Stamp Duty levied at 2.5% on properties valued between £700,000 and £1,000,000 and a taper for properties valued between £1,000,000 and £1,200,000. Properties over £1,200,000 will remain subject to Stamp Duty at the full rate. This Stamp duty holiday will exclude buy-to let properties.”**

REPORT

This is a small change to remove buy-to-let properties from the remit of the original amendment. In addition, as currently drafted the flat 3% rate could also have been applied to properties of any value (up to and including multi-million pound properties) which would disproportionately benefit those purchasers/sellers.

The amendment to amendment 25 also includes a decrease in the financial impact of the amendment, adjusting the estimated reduction in income from £12million to £10.5million.

It is worth noting that in accordance with the Finance Law the estimates of income on which the Budget is based are estimates which inevitably will vary over time based on the latest economic data. As a former Treasury Minister, I understand the need to, at some times, to formalise an estimate. Experience shows that there is always a difficulty in forecasting estimates in a more turbulent economic climate, as is currently being experienced.

At the time of writing this report, estimates of interest rates have changed which will result in advantageous and disadvantageous outcomes from these estimates. This is why I have added the additional wording to this amendment to reinforce the variable nature of the figures in play.

Whilst I believe that the housing economy would benefit from the reduction of stamp duty in relation to buy to let properties, I believe that this is better served through my subsequent amendment 28 to the [draft Budget \(Government Plan\) 2025-2028](#).

Financial and staffing implications

There are no further financial or staffing implications identified in relation to this Amendment, other than the decrease in financial impact identified.

Children's Rights Impact Assessment

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.