

# STATES OF JERSEY



## **PROPOSED GOVERNMENT PLAN 2023- 2026 (P.97/2022): NINETEENTH AMENDMENT (P.97/2022 AMD.(19)) – COMMENTS**

### **SUSPENSION OF HIGH VALUE RESIDENTS**

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**Presented to the States on 8th December 2022  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

Ministers have made positive and constructive progress in their review of the 2(1)(e) initiative.

The existing applicants under “Version 4” of the scheme will see their minimum annual tax contribution rise from £145,000 to £170,000 from 1<sup>st</sup> January 2023; and Ministers are also intending to create a new “Version 5” of the scheme for new applicants who arrive later in the year.

The new Version 5 will see the minimum annual tax contribution for new applicants rise further. It will also include a new requirement for a minimum “social, economic, and environmental responsibility” contribution to Jersey.

We will also increase, from 1st January 2023, the minimum price of a property that can be purchased in the policy from £1.75m to £3.5m.

These are significant changes, supporting the commitment of the Chief Minister to *“enhance the economic, social, and benefits to the Island from a fewer number of 2(1)(e) applicants, while valuing our high value resident community”*.

This will support individuals and their families being invested in the Island and its community in the widest sense, as part of a firm commitment to Jersey.

The application process for 2(1)(e)s is also more extensive than those undertaken by other jurisdictions for comparable individuals. It includes a range of due diligence checks, allowing Ministers to make decisions based on all the evidence, and no one receives a permission until all the checks have been done. Indeed, the new Government has been firm, and rejected applications where it feels that is appropriate.

The intention is to consult on Version 5 in the coming weeks, and to update and implement the relevant policy and legislation early in 2023, including necessary debates in the Assembly and engagement with States Members.

This is a rapid response by the new Government to a long-standing question.

In the meantime, Ministers believe that a halt on applications is detrimental to our reputation as a well-governed, considered jurisdiction.

It is common and good practise for policies to be reviewed, but that does not mean that applicants acting in good faith should have their plans interrupted. We are also intending to review our policies around housing qualifications based on hardship, but we are not going to call a halt on any hardship applications while we do so.

The business of government continues, and a jurisdiction that operates otherwise, opening and closing legitimate legal avenues, quickly loses trust and confidence. In an increasingly uncertain world under economic stress, playing to our strengths as a stable and trusted jurisdiction that’s open for business is important.

In the meantime. Ministers ask the Assembly to reject this Amendment, and to allow Ministers to complete their work in the coming few months before returning to the Assembly.

Ultimately, these individuals contribute to Island life in a number of ways, including supporting a vibrant philanthropic environment. We should value them, we should avoid creating wider uncertainty, and we can do this while increasing the overall benefit to Jersey and reducing new applications in 2023.

**Comment under Standing Order 37A**

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This comment was submitted after the noon deadline in order that final checks and due diligence could be undertaken, given the extensive number of Amendments to which due consideration was needed. We apologise to Members for this delay.

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## **Annex: Existing Policy Position**

### **Residential and Employment Status Policy Guidance Extract**

[P Residential and Employment Status Guidance 20161205 RB.pdf \(gov.je\)](#)

#### **Economic and Social Grounds**

115. A person may be granted Entitled status under Regulation 2(1)(e) if the Assistant Chief Minister is satisfied that there are economic and / or social grounds for doing so and that it would be in the best interests of the community. Persons granted Entitled status on this basis are often referred to as High-Net-Worth Residents or High Value Residents. All decisions to grant Entitled status on these grounds are referred to the Housing and Work Advisory Group, as Chaired by an Assistant Chief Minister, including financial and due diligence information, and an officer recommendation, for their consideration.

116. Applications for Entitled status on these grounds are not considered from people who are existing Jersey residents, and instead, as part of a decision to relocate to the Island.

117. The following criteria must be met in respect of applications for Entitled status on these grounds: The applicant's financial circumstances must indicate that they will have sufficient taxable income on an annual basis to generate the requisite personal income tax liability each year. The expected level of taxable income is at least £725,000 each year. This means they are required to have an annual personal income tax liability of at least £145,000 each year in accordance with Article 135A of the Income Tax (Jersey) Law 1961. In the event their income is insufficient to generate this tax liability, they are effectively subject to a 'top up charge' to ensure the requisite tax payment is met.

118. Provided the defined and measurable test in 117 is met, other factors might nevertheless have a positive or negative bearing in the determination of the application and may be taken into account in order that the Assistant Chief Minister and the Housing and Work Advisory Group can assess the likely impact of the applicant taking up residence in Jersey:

- a. The business / social background of the applicant and the associated benefit that could arise for Jersey as a result of their taking up residence in the Island.
- b. Any other general benefits which the Island might obtain if the applicant were to take up residence.
- c. Any voluntary work or business contribution to the local community that might accrue.
- d. Any training or sporting initiatives (particularly aimed at youth or educational organisations) driven by the applicant.
- e. The nature of any media coverage of activities either by, or involving, the applicant, both in their business or social life. This would include any potential negative images relating to past business practice or positive images such as sporting achievements,
- f. Any cultural interests or skills that would be of benefit to the local community.
- g. General lifestyle and family circumstances, including charitable work and contributions.
- h. Evidence of past voluntary work that, if continued, might be of benefit to local charitable organisations.

- i. Sporting or cultural interests which might benefit local clubs, or the wider local community.
- j. International recognition in a cultural, sporting or business activity that is likely to bring positive publicity for Jersey as a result of being a resident of the Island.

119. In addition to the above, an applicant's intention to carry out further business activities in the Island will be taken into account, with particular regard to future local employment, training, diversification and any potential resultant increased tax revenues.

120. Entitled status on economic and social grounds may be granted with conditions attached to that status. In particular, the following conditions will be applied:

- a. Any property purchased must be, if a freehold house, worth at least £1.75 million and, if an apartment, at least £900,000 in value (unless otherwise agreed by the Assistant Chief Minister).
- b. Only one single unit of residential accommodation can be leased or purchased for occupation by the person as their sole or main place of residence in Jersey (unless otherwise agreed by the Assistant Chief Minister), and permission to retain ownership of and occupy 'Qualified' property will depend, in future, on the person retaining Entitled status.
- c. Any transaction in relation to property entered into by the person, either individually or via a body corporate, must incur Stamp Duty or Land Transaction Tax.

121. High Net Worth or High Value Residents are permitted to do the following once approved and ordinarily resident in Jersey, provided they continue to meet the conditions attached to their Entitled status:

- a. To purchase, develop and sell residential property through a property development company, subject to the condition that any freestanding units of residential accommodation must be sold out of the company to Entitled or Licensed persons on completion of the development.
- b. To purchase residential property in their own name that has either (i) been unoccupied for more than 2 years, and/ or (ii) on the market for sale for more than 2 years, and lease that property to persons with Entitled or Licensed status.
- c. To purchase residential property adjoining their main place of residence in Jersey, where it can be demonstrated that the adjoining property more naturally falls within the same curtilage as the property already owned and occupied as their main residence. If approved by the Assistant Chief Minister, it is expected that the purchase would proceed in the same person or company name as the main residence, and that the purchase may be subject to conditions.

122. When a High Net Worth or High Value Resident has been continuously ordinarily resident in Jersey for 10 years, they can elect to participate in the local property market as they wish. However, if they also wish to continue to benefit from preferential tax arrangements, then conditions related to their ability to own and occupy 'Qualified' residential property will still apply.