

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY P.F.C. OZOUF OF ST. SAVIOUR
QUESTION SUBMITTED ON MONDAY 10th MARCH 2025
ANSWER TO BE TABLED ON MONDAY 17th MARCH 2025**

Question

“Will the Minister provide an estimate of the total amount of interest claimed as an expense against residential property rental income for the last 5 years, an estimate of the corresponding reduction in tax revenue resulting from such deductions, and explain the reasoning behind the Government’s current policy of providing tax relief on loan interest payments for the purchase of letting properties?”

Answer

Article 90AB of the Income Tax Law allows taxpayers to deduct the cost of the interest paid on a loan to acquire or extend land or buildings against the income arising from letting that land or building on the open market. The deduction is available for all types of land and taxpayers are not required to indicate whether the land or buildings being let is residential, commercial or mixed use.

It is therefore not possible to quantify the amount of interest deducted, or the associated reduction in revenue, from income arising from the letting of residential rental properties only.

Jersey’s income tax system has been designed since its inception to levy tax on the profits generated from a business. This basic design feature applies across all types of business, albeit with appropriate adjustments agreed by the States Assembly to address different business sectors and structures. Accordingly, businesses have long been entitled to deductions to recognise those costs they have incurred in generating their profits, including any interest incurred on acquiring assets for business purposes. This includes interest incurred to acquire property which is being let commercially.

As agreed by the States Assembly through the 22nd Amendment to the 2024-2027 Government Plan, Revenue Jersey will be publishing a consultation on the removal of interest relief for residential letting properties later this year.