

# STATES OF JERSEY



Jersey

## **DRAFT FINANCE (2023 BUDGET) (JERSEY) LAW 202- (P.102/2022): FOURTH AMENDMENT**

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**Lodged au Greffe on 28th November 2022  
by the Minister for Treasury and Resources  
Earliest date for debate: 13th December 2022**

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**STATES GREFFE**



DRAFT FINANCE (2023 BUDGET) (JERSEY) LAW 202- (P.102/2022): FOURTH AMENDMENT

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**1 PAGE 26, ARTICLE 3 –**

For Article 3 substitute –

“In Article 3 –

- (a) after the definition “international activities” there is inserted –  
“ “liability to tax” includes income chargeable in a year of assessment at a rate of 0%.”;
- (b) for the definition “officer” there is substituted –  
“ “officer” has the same meaning as in the Revenue Administration (Jersey) Law 2019;”.”.

**2 PAGE 31, ARTICLE 17 –**

(1) After Article 17 insert –

**“18 Article 120AA (rent-a-room arrangements) inserted**

After Article 120 (exemption of consular officers and employees) there is inserted –

**“120AA Exemption in respect of rent-a-room arrangements**

- (1) Exemption from income tax is granted in respect of the gross receipts from an arrangement to which this Article applies (“a rent-a-room arrangement”) where the gross receipts from those arrangements are £10,000 or less in the year of assessment.
- (2) Where the gross receipts in the year of assessment exceed £10,000, the whole of those receipts are taxable in accordance with this Law.
- (3) A rent-a-room arrangement is an arrangement where –
  - (a) a person provides a room in the dwelling that is that person’s main residence for rent to another person;
  - (b) the person to whom the room is rented is –
    - (i) aged 18 or over, and
    - (ii) not a connected person within the meaning of Article 3A;
  - (c) the premises in which the room is located are not required to be registered as a guest house under Article 5 of the Tourism (General Provisions) (Jersey) Order 1990; and

- (d) the room is not a residential unit within the meaning of Article 2 of the Residential Tenancy (Jersey) Law 2011.
  - (4) Despite paragraph (3)(b)(i) a room may be occupied by a person under the age of 18 if –
    - (a) the person has been placed in the room by an appropriate organisation; or
    - (b) it is rented to and occupied by a person aged 18 or over who has parental responsibility within the meaning of the Children (Jersey) Law 2002 for the person under the age of 18.
  - (5) In paragraph (4) “an appropriate organisation” means an organisation that the Comptroller is satisfied has in place appropriate policies and procedures to safeguard people under the age of 18 when placing them in accommodation.”.”.
- (2) Renumber subsequent Articles accordingly.

**3 PAGE 40, ARTICLE 47 –**

In sub-paragraph (b), in the inserted definition “relevant property” after “to whom it is transferred” insert “, but does not include a dwelling acquired for the purpose of it forming part of the stock of a trade taxable under Article 51(1)(b) of the Income Tax (Jersey) Law 1961”.

**4 PAGE 40, ARTICLE 48 –**

In the inserted Article 8A for paragraph (1) substitute –

- “(1) Where a chargeable document relates to a relevant contract, the document must be accompanied by statements by the person to whom the property is transferred indicating –
  - (a) whether the property is a dwelling acquired for use as the main residence of that person; and
  - (b) whether the property is a dwelling acquired for the purpose of it forming part of the stock of a trade taxable under Article 51(1)(b) of the Income Tax (Jersey) Law 1961.”.

**5 PAGE 43, ARTICLE 53 –**

In sub-paragraph (b), in the inserted Article 5 in paragraph (1) after “is transferred” insert “, but does not apply if the dwelling is acquired for the purpose of it forming part of the stock of a trade taxable under Article 51(1)(b) of the 1961 Law”.

**6 PAGE 45, ARTICLE 55 –**

In sub-paragraph (d), in the inserted paragraph (4A) for sub-paragraph (a) substitute –

“(a) the higher rate applies where a significant interest in an entity is acquired by a person, and that entity or its controlled entity own a property that is a dwelling acquired for a purpose other than use as the main residence of the person by whom the significant interest is acquired, but does not apply where the dwelling is acquired for the purpose of it forming part of the stock of a trade taxable under Article 51(1)(b) of the 1961 Law; and”.

**7 PAGE 49, ARTICLE 62 –**

In sub-paragraph (a), after the inserted sub-paragraph (da) insert –

“(db) a declaration as to whether the property to which the share gives a right is a dwelling being acquired for the purpose of it forming part of the stock of a trade taxable under Article 51(1)(b) of the 1961 Law;”.

**8 PAGE 49, ARTICLE 63 –**

After the inserted sub-paragraph (d) insert –

“(e) whether the property is a dwelling being acquired for the purpose of it forming part of the stock of a trade taxable under Article 51(1)(b) of the 1961 Law of the person by whom the significant interest is acquired.”.

MINISTER FOR TREASURY AND RESOURCES

## REPORT

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These amendments to the Draft Finance (2023 Budget) (Jersey) Law 202- ([P.102/2022](#)) (the “Finance Law 2023”) give effect to the amendments lodged by the Council of Ministers to the [proposed Government Plan 2023-26 \(P.97/2022\)](#).

The full details of each measure are provided in the respective amendments to the proposed Government Plan, but briefly they cover:

**1. Introduction of a new “rent-a-room” tax relief**

A new rent-a-room income tax relief is being proposed, under which lodging income of £10,000 a year or less will be exempt from income tax. If lodging income exceeds £10,000 the full amount would be taxable in the normal way but would benefit from the existing concessional treatment.

This proposal is intended to encourage better use of existing housing stock and allow Islanders to generate additional income while providing accommodation at a fair rent to ease the housing strain. The changes would come into force for the year of assessment 2023 and future years.

**2. Exemption to the higher rate of Stamp Duty for property developers**

To support the Island’s housing needs, Ministers are proposing an exemption to the higher rate of Stamp Duty for property developers who purchase and develop residential property for resale, in the course of their trade.

In addition to the above measures, a technical clarification is being made by defining “liability to tax” in the [Income Tax \(Jersey\) Law 1961](#) (the “ITL”). The change clarifies that income chargeable at 0% creates a “liability to tax” and is intended to provide certainty for partnerships in determining whether they meet the criteria of a “relevant partnership” as defined in the new Article 20E, in the event that a partner is a company chargeable to income tax at 0%.

The definition would extend to any reference to “liability to tax” within the ITL in so far that any income chargeable in a year of assessment at a rate of 0% creates a “liability to tax”.

### **Financial and manpower implications**

The financial and manpower implications of these amendments to Finance Law 2023 are identified in the relevant amendments to the proposed Government Plan 2023-26. There are no financial or manpower implications of the technical clarification relating to partnerships.