

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2024 - 2027 (P.72/2023) – SEVENTEENTH AMENDMENT (P.72/2023 AMD.(17)) – COMMENTS

**Presented to the States on 7th December 2023
by the Council of Ministers**

STATES GREFFE

COMMENTS

Rent-a-room tax relief is currently available to taxpayers who receive income of less than £10,000 annually from renting a room (or rooms) in their home, subject to certain conditions and regardless of whether they own their home outright. The relief was introduced from year of assessment 2023, primarily to encourage homeowners to let out a room in under-occupied homes.

Ministers have received positive feedback on the scheme, notably from hospitality industry representatives.

The Deputy's amendment would limit the relief solely to taxpayers with a mortgage. As mortgage income tax relief will no longer be available from year of assessment 2026, adopting the amendment would require new forms of information to be collected to support rent-a-room relief from 2026 onwards.

If the Deputy intended that the relief only be available to those 'currently benefitting from mortgage interest relief', as stated in the second paragraph of the report, rent-a-room relief would no longer be available from 2026.

Even if the proposed restriction was not tied to mortgage interest tax relief, the rent-a-room scheme is designed to promote better use the existing housing stock by incentivising homeowners to let out a room in their home. Deputy Alves' amendment would remove that incentive from around 55% of households, who have no mortgage costs, undermining the principle of the scheme.

Many Islanders who have paid off their mortgage, perhaps after their children have left home, are in a position where they might consider letting out a room. This group is not necessarily cash rich. It would be counterproductive to discourage these people from taking advantage of this modest tax relief, particularly as data shows that around 45% of owner-occupied households are under-occupying their property.

To address other points raised in the report to the amendment:

Deputy Alves refers to rental properties listed on the website *places.je*, but these are self-contained residential units for rent. The rent-a-room scheme specifically excludes separate residential units. The "abundance" of properties listed on *places.je* is not relevant to the rent-a-room scheme or this amendment. Moreover, research undertaken in November 2023 show a range of rooms to rent at a monthly cost of £600-£680. This suggests that Islanders who choose to rent a room in their home are not increasing their prices to the level suggested, even without rent control.

It should also be noted that a mean average does not take into account Islanders who rent more than one room, nor those who rent a room for less than 52 weeks a year, both of which will impact the mean average rent.

Ministers do not support this amendment, as it would significantly limit the scope of the rent-a-room relief. and likely lead to less rooms being available to rent. Members are urged to reject the amendment.