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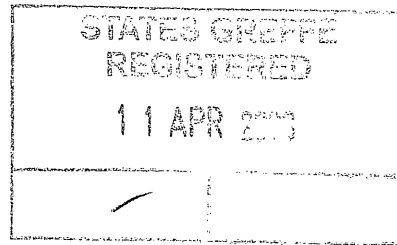
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10th April 2008

Deputy P D J Ryan
Chairman
Corporate Services Panel
Scrutiny Office
States Greffe
Morier House
St Helier, JE1 1DD



Our Ref: EJ/cw

Dear Deputy Ryan

REF: PROPOSED STAMP DUTY ON SHARE TRANSFER TRANSACTIONS

Having read your letter of 14th March I find it difficult to believe that the States of Jersey have in principal agreed to implement such a trivial tax. Of course, it would have been helpful to have seen some projected figures on the income achieved against the expenditure of collecting this proposed tax. I do wonder whether the Deputy of St. Martin carried out a property feasibility study into how many share transfer transactions take place each year. He certainly did not contact our offices for any information. Jersey, purely by nature, is a low tax area, so why on earth are we looking to impose tax's that are not implemented in the UK or elsewhere?

Your letter is requesting input on tax on both residential sales and commercial sales. I shall answer them on a separate basis starting with the commercial.

The implementation of transfer tax on commercial sales by share transfer is a virtual non starter as any commercial investor knows full well they can use other off shore companies such as BVI which do not fall under the jurisdiction of Jersey if the shares are transferred. In the case of large investors, such as pension funds, they have already decided not to look at Jersey in future as they are no longer exempt for Jersey tax purposes. The way forward for any commercial investor is the ease of business and the minimum number of draconian restrictions and tax's. It is therefore clear that commercial property investors will simply find alternatives.

Residential sales by share transfer are usually apartments where historically the only way to sell was by share transfer because the States of Jersey failed to provide a flying freehold law. For many years whilst substantial new developments were taking place share transfer was the only option. The majority of new apartment developments are now sold by flying freehold. The apartments left in the share transfer market are in the main purchased by youngsters entering the property market for the first time at one end and elderly people retiring at the

entering the property market for the first time at one end and elderly people retiring at the other. Both of the aforementioned buyers find the opportunity of no stamp duty to be of enormous assistance on a purchase as neither of these categories are 'over flush' with cash. So we can see where this proposed new tax will hurt most. What a caring government we have. Of course, the aforementioned purchasers will feel doubly wounded when they see that the tax only applies to purchasers who have the right to occupy. This then will exempt non Jersey investors to the detriment of locals. Not only that, it would seem to target singles and couples as the draft law exempts property occupied by more than two persons. What a clever government we have. It is obvious to me and to anyone with a modicum of common sense that this proposal is ill conceived.

Yours sincerely



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DIRECTOR