STATES OF JERSEY

Jersey

DRAFT TAXATION (ENVELOPED PROPERTY TRANSACTIONS) (JERSEY) LAW 202-

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Lodged au Greffe on 20th December 2021
by the Minister for Treasury and Resources
Earliest date for debate: 8th February 2022

STATES GREFFE

Jersey

DRAFT TAXATION (ENVELOPED PROPERTY TRANSACTIONS) (JERSEY) LAW 202-

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000, the Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources, the provisions of the Draft Taxation (Enveloped Property Transactions) (Jersey) Law 202- are compatible with the Convention Rights.

Signed: **Deputy S.J. Pinel of St. Clement**

Minister for Treasury and Resources

Dated: 17th December 2021

REPORT

Introduction

This Proposition introduces the Draft Taxation (Enveloped Property Transactions) (Jersey) Law 202- (the "Draft Law"). The Draft Law creates a new tax on certain transactions that relate to "enveloped property". The tax is to be administered by the Comptroller of Revenue.

Enveloped property is Jersey land (including buildings on land) that is owned by an entity (e.g., a company) and not an individual. Holding land within an entity is known as "enveloping", as the land is said to be "enveloped" within the entity.

Under the current rules, where Jersey land is enveloped within a company, and the ownership of the company changes hands by way of a transfer of shares, only certain transactions are caught within the charge to tax (Stamp Duty or Land Transactions Tax). For all other transactions, which includes all transfers of shares relating to commercial land, there is currently no charge to Stamp Duty or Land Transactions Tax. A primary purpose of this Draft Law is to ensure broadly equivalent treatment across similar types of transactions involving land in Jersey.

Any revenue raised from this measure – up to £1 million per annum – is proposed to be allocated to the Housing Development Fund.

Background

In 2009, the States adopted the Taxation (Land Transactions) (Jersey) Law 2009 (the "LTT Law"), which introduced a tax on the transfer of shares in a company whose articles of association gave the owner of those shares the right to occupy *residential property* in Jersey. Land Transactions Tax is administered by the Comptroller of Revenue. The tax payable under the LTT Law is equivalent to the amount that would be payable under the Stamp Duties and Fees (Jersey) Law 1998 (the "Stamp Duty Law"). Stamp Duty is administered by the Judicial Greffier.

Before the LTT Law was enacted, share transfer transactions involving residential property did not attract tax or duty in the same way as the transfer of title to Jersey real estate.

Guernsey identified similar deficiencies in the scope of their legislation and sought to remedy them by introducing the Document Duty (Anti-Avoidance) (Guernsey) Law 2017.

In the Budget Statement 2019, the Minister for Treasury and Resources announced that a public consultation would be held on a proposal to charge tax on a wider range of property transactions.[1]

The consultation was held between 22 July and 14 October 2019 and examined the position of residential and commercial property held within a company. Transactions of this nature are more common with commercial property than with residential property[2] due to Jersey's housing restrictions on residential property.[3]

[1] Budget Statement 2019 with initial announcement made in Budget 2018 [Budget Statement 2018 p.31].

[2] The Draft Law refers to domestic and non-domestic use of land, whereas this report refers to residential and commercial property.

[3] A person must hold either an 'entitled' or 'licenced' status to occupy certain land in Jersey under the Control of Housing and Work (Jersey) Law 2012.

As noted above, where commercial real estate is held within a company, and the ownership of the company changes hands by way of share transfer, then there is currently no charge to Stamp Duty or Land Transactions Tax.

The new tax will cover transactions involving enveloped residential and commercial properties.

A new enveloped property transaction tax

This Proposition provides for the taxation of certain transactions by which control of an entity - which owns land in Jersey - is transferred from one person to another.

An enveloped property is defined in the Draft Law as "land in Jersey which is owned by a person who is not an individual". In this context "land" includes any house, buildings or other structure in, on, under or over the land. The Draft Law also extends to lessees under a contract lease of enveloped property where "the lessee under a contract lease of the land is a person who is not an individual".[4] Most commonly, enveloped property will involve a property owned by a company but the Draft Law is not limited to companies.

The tax introduced in the Draft Law will be known as the Enveloped Property Transactions Tax ("EPTT") and will apply to relevant transactions, as outlined below, where the land has a market value exceeding £700,000 for commercial properties and £500,000 for residential properties. These thresholds are to mitigate any adverse impact of the Draft Law on lower-value properties, including those in the retail and hospitality industries.

The Draft Law also extends the LTT Law to commercial properties, as outlined below. Where the LTT Law applies, the new EPTT will not apply.

The Draft Law requires the person acquiring the interest in the entity that holds enveloped property to pay a self-assessed tax. The rate of EPTT charged under the Draft Law[5] will align with the rate of tax charged under the Stamp Duty Law for residential properties, commercial properties and for properties held under a contract lease. Any future changes to the Stamp Duty and LTT rates will also need to consider the EPTT rates.

Relevant transactions

Article 3 of the Draft Law sets out when a transaction is a 'relevant transaction' – and therefore subject to EPTT.

A transaction is a relevant transaction where:

- The entity, or any entity over which it has control, is the beneficial owner of the enveloped property; and
- The transferor (owner) of the entity transfers to a person (the transferee) a "significant interest" in the entity.

A "significant interest" is defined as more than 50% of the interest in the entity. For example, a company transfers a significant interest if it transfers more than 50% of its shares.

A significant interest will also arise where there is a chain of companies and a significant interest is transferred through a chain of control, to a person. For example, a significant interest will arise where a person owns more than 50% of shares in a company which owns a subsidiary company and that subsidiary company owns an enveloped property.

[4] Article 1 of the Draft Law
[5] Schedule 2 of the Draft Law

The Draft Law provides that the aggregate holdings of connected persons may also constitute a significant interest. Connected persons are defined in accordance with Article 3A of the Income Tax (Jersey) Law 1961. This will prevent connected persons avoiding the new EPTT where they acquire control of the entity that owns the enveloped property together in circumstances where no one connected person owns or controls more than 50% of the interest in the entity.

Excluded transactions

The Draft Law provides for specified transactions to be excluded from the charge to EPTT. The excluded transactions are detailed in Schedule 1 of the Draft Law and may be amended by Regulations.

The following transactions are excluded from the Draft Law to be consistent with similar provisions in the Stamp Duty Law or the LTT Law:

- Devolution of an estate (essentially the winding-up of an estate)
- Any transactions that take place by order of the court, such as during divorce proceedings
- The transferee is a tax exempt charity
- The transferee is a tax exempt Social Housing Company
- The transferee is a Minister, or one of the Parishes

Transactions where the beneficial owner of the property remains the same are also excluded, as are transfers from a nominee to a beneficial owner. Similarly, if connected parties acquire a significant interest and a charge to EPTT is levied and paid on the transaction, no tax will be payable if one of the connected parties subsequently acquires the significant interest in the same entity in their own right. This is intended to remove the possibility of double taxation.

For example, A and B (who are connected parties) purchase 100% of the shares in an entity and pay EPTT; subsequently B buys A's shares and now holds 100% of the shares. EPTT will not be charged on the subsequent transaction.

The Draft Law excludes transactions giving a person an option to purchase property and also transactions to create or enforce a security interest or otherwise secure or enforce the repayment of a loan. Similar exclusions exist in relation to the equivalent duty in Guernsey.

Also for competitiveness, transfers of shares in a company listed on a recognised stock exchange or units in a collective investment fund are excluded. Similar exclusions exist in relation to the equivalent duty in Guernsey.

Following consultation with external stakeholders, a provision has been introduced to exclude transactions between connected companies.

Calculation of EPTT

EPTT is calculated in accordance with the provisions of Article 7 of the Draft Law and the tables in Schedule 2.

EPTT is chargeable if the market value of the land at the time of the transaction exceeds £700,000 for commercial land or £500,000 for residential land. Where land is held under a contract lease, EPTT is chargeable where the market value of the annual rent multiplied by number of years remaining of the lease (up to a maximum of 21 years) exceeds the relevant commercial or residential threshold.

EPTT is charged based on the market value of the land at the time of the transaction, multiplied by the rates set out in Schedule 2. Schedule 2 mirrors the rates in the Stamp

Duty Law. The rate used will differ based on whether the land is in commercial or residential use, Table A or B of Schedule 2.

This can be denoted as:

EPTT charge = Market value of property x EPTT rate

For properties held under a contract lease, a different formula is to be applied in calculating the EPTT charge. This rate also mirrors that for contract leases in the Stamp Duty Law. The charge will be calculated based on the sum of the annual rent multiplied by the number of years remaining of the contract lease (up to a maximum of 21 years). The sum is then multiplied by the applicable rate outlined in Table C of Schedule 2. This can be denoted as:

EPTT charge = (Annual rent x Remaining years) x EPTT rate

The Draft Law contains provision to ensure that the amount used to calculate the annual rent is the market rate.

Entities that hold more than one enveloped property will need to calculate the charge for each individual property.

Mixed-use properties

The Draft Law provides for different rates of EPTT for residential and commercial use of land. It does this by providing that enveloped property should be construed in the same way as it is under the Rates (Jersey) Law 2005 (the "Rates Law"). In that Law, a unit of land is classified either as 'domestic' or 'non-domestic'. For a property to be domestic, it must be wholly or mainly used for the purposes of a private dwelling.

Under the Draft Law, if an enveloped property comprises two or more units of land that are separately listed under the Rates Law as domestic and non-domestic, and the two units of land are either physically attached or immediately adjacent to one another, the enveloped property is treated as 'non-domestic', i.e. a commercial property.

The purpose of including this deeming provision is in response to stakeholder comment and to provide a more straight-forward way of calculating EPTT for mixed-use properties – for example, a building that holds both retail space and residential flats.

Land Transactions Tax

The Draft Law removes the definition of 'land' from the LTT Law, expanding the scope to include relevant transactions of commercial properties by share transfer. There is also inserted into the LTT Law a provision to amend the Schedule which provides for the amounts of LTT to be chargeable for residential and commercial properties. The amounts are set out in two new Tables which mirror the rates in the Stamp Duty Law. As with EPTT, residential and commercial use is to be construed in line with the Rates (Jersey) Law 2005.

This amendment to the LTT Law is necessary to ensure there is a broadly equivalent tax treatment across similar property transactions and to avoid further tax incentives involving enveloped commercial property.

Obligations for taxpayers (the transferee)

The Draft Law mirrors, so far as possible, existing time limits for complying with obligations in the Stamp Duty Law and LTT Law.

Where a relevant transaction occurs, the transferee must deliver a statement to the Comptroller and pay the tax no later than 28 days after the date of the relevant transaction. The statement must include the amount of EPTT charged and details of the relevant transaction; the relevant details are prescribed by Ministerial Order.[6] In practice, Stamp Duty and Land Transactions Tax are paid on or close to the date of the transaction. Payment of EPTT is expected to be in line with that current practice.

Where a relevant transaction takes place and the owner of the enveloped property is an entity registered or established in Jersey or it has a place of business in Jersey, there is also an obligation on it to deliver a statement to the Comptroller unless it knows that a statement has been delivered by the transferee. The statement must include details which are prescribed by Ministerial Order. If this provision applies, the transferor must deliver the statement not later than 28 days after the date of the relevant transaction.[7]

The Draft Law also allows the Comptroller to serve notice on the transferee or transferor of a relevant transaction requiring them to provide a statement in respect of the relevant transaction.[8]

The Comptroller also has the power under the Draft Law to assess the EPTT charge if a statement is not provided, or if the statement provided contains information which is false or misleading. The Comptroller also has the power to make an assessment or additional assessment if a main purpose of the transaction (or transactions) is to avoid or reduce the tax liability.[9]

Administration of EPTT

As already noted, the Draft Law will be administered by the Comptroller of Revenue. The administration provisions in the Draft Law align with similar provisions in other tax legislation.

The Draft Law contains powers for the Comptroller to gather relevant information, collect and recover the EPTT, and provides rights of appeal for taxpayers akin to those in the Income Tax (Jersey) Law 1961.

The Draft Law creates obligations for the owners of enveloped property to keep relevant records for 6 years following the date of a relevant transaction.[10]

Late payment surcharge

A surcharge of 10% of the EPTT is charged and due in the event of late payment.[11] In line with other similar provisions in tax legislation, the Comptroller can waive or reduce the surcharge if the failure to pay on time is caused by an unconnected person and remedied without delay, or if the Comptroller is satisfied that grave and exceptional circumstances prevented the payment at the required time (e.g., death or serious illness).

An application, in writing, to waive or reduce a late payment surcharge may be made no later than 40 days from issue of the notice of surcharge.

Penalties for failure to deliver statements and provision of inaccurate information

A maximum penalty of £3,000 may be imposed if a person fails to deliver a statement or provides inaccurate information. Civil penalties in respect of inaccurate declarations are applied via Part 4 of the Revenue Administration (Jersey) Law 2019.

[6] Article 8 of the Draft Law
[7] Article 9 of the Draft Law
[8] Article 10 of the Draft Law
[9] Article 11 of the Draft Law
[10] Article 15 of the Draft Law
[11] Article 13 of the Draft Law

The penalty may only be imposed within a period of 6 years from the date the person becomes liable to the penalty[12].

Offences

A person commits an offence under the Draft Law if the person knowingly delivers a false or misleading statement or document. In the event that criminal proceedings result in conviction, the person is liable to imprisonment for a period of 12 months and to a fine of level 3 on the standard scale.[13]

The Draft Law also provides for an offence to be committed by an entity and, where it is proved to have been committed with the consent or connivance of an individual connected to the entity, an offence will also be omitted by the individual. An individual in this context includes key office holders, partners, members, or managers.

Appeals

A person has the right to appeal a decision, or an assessment made by the Comptroller under the Draft Law. The appeal process aligns with the appeal process under other tax legislation and provides for an appeal to be made not later than 40 days after the date of notice of the decision or assessment.[14]

Consequential amendments

Consequential Amendment 1 amends the Companies (Jersey) Law 1991 to provide that a transfer of shares cannot be registered until a receipt of the tax paid under Article 14 of the Draft Law is produced to the company. This mirrors the existing obligation under the LTT Law for share transfer properties.

Consequential Amendment 2 amends the Revenue Administration (Jersey) Law 2019 to include reference to the Draft Law alongside references to the LTT Law.

Economic analysis

The Revenue Policy Development Board has had input and advice from the Government's Economics Unit. The economic advice is that moving to a neutral treatment of enveloped properties, broadly equivalent to the stamp duty regime, is unlikely to significantly disrupt the market for either residential or commercial property. Market activity will continue to be determined by supply and demand and introducing a fairer treatment / neutrality is likely to resolve distortions rather than to cause them. Detailed economic analysis will be published prior to the debate in the Assembly.

Financial and manpower implications

There are no additional manpower implications. Additional financial costs in administering the new EPTT will be covered by the processing fee. Income from EPTT is uncertain but revenue received – up to £1 million per annum – is proposed to be allocated to the Housing Development Fund.

Human Rights

The notes on the human rights aspects of the draft Law in the **Appendix** have been prepared by the Law Officers' Department and are included for the information of States Members. They are not, and should not be taken as, legal advice.

[12] Article 17 of the Draft Law

[13] Criminal Justice (Standard Scale of Fines) (Jersey) Law 1993

[14] Article 19 of the Draft Law

APPENDIX TO REPORT

Human Rights Notes on the Draft Taxation (Enveloped Property Transactions) (Jersey) Law 202-

These Notes have been prepared in respect of the draft Taxation (Enveloped Property Transactions) (Jersey) Law 202- (the "**draft Law**") by the Law Officers' Department. They summarise the principal human rights issues arising from the contents of the draft Law and explain why, in the Law Officers' opinion, the draft Law is compatible with the European Convention on Human Rights ("**ECHR**").

These notes are included for the information of States Members. They are not, and should not be taken as, legal advice.

The draft Law, if passed, creates a charge to tax where a person acquires more than 50% of the beneficial ownership of an entity which owns land in Jersey.

The draft Law has the potential to engage Article 1 of the First Protocol to the ECHR ("A1P1"), which provides certain protections for the property of the individual and Article 6 which provides for the right to a fair trial.

Whilst the creation of a new tax may engage A1P1, the second paragraph to that Protocol provides that the right to property does not in any way impair the right of the State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions. Overall, the provisions are considered to achieve a fair balance and are therefore considered to be compliant with the ECHR.

The draft Law provides for surcharges to be levied in the event of late payment of the tax and for penalties to be applied for failure to provide information or to otherwise provide incorrect information. The imposition of the tax, any surcharge and any penalty are all subject to a right to appeal to the Commissioners of Appeal. The criminal offence created, for the deliberate provision of false or misleading statements and/or documents is subject to criminal prosecution in the normal way. These provisions are therefore considered compliant with Article 6.

EXPLANATORY NOTE

This Law if passed will make provision to create a new tax (the Enveloped Property Transaction Tax) on certain transactions. A transaction attracts liability to tax if it is one by which a person (or connected persons) acquires more than 50% of the beneficial ownership of an entity which owns land in Jersey. The market value of the land must exceed £500,000 in the case of property used for domestic purposes or £700,000 in the case of property used for non-domestic purposes.

Article 1 contains interpretation provisions.

Article 2 provides that enveloped property transaction tax ("EPTT") is due and chargeable on transactions to which the Law applies (relevant transactions).

Article 3 defines a relevant transaction. It is a transaction by which a person acquires a significant interest in an entity which owns, or is the lessee under a contract lease of, land in Jersey (enveloped property) if the market value of the enveloped property exceeds £500,000 in the case of property used for domestic purposes or £700,000 in the case of property used for non-domestic purposes. This Article also explains how a person acquires a significant interest. In the case of an entity which owns enveloped property, a significant interest is acquired when the person owns more than 50% of the interest in the entity. In the case of an entity which controls another entity which owns enveloped property a significant interest is acquired when the person's interest in the controlling entity exceeds 50% and the controlling entity's interest in the controlled entity exceeds 50%. An interest is defined as including shares in a company and a beneficial interest in any other body.

Article 4 states that there is also a relevant transaction where acquisitions by 2 or more connected persons amount in aggregate to a significant interest in an entity. Connected persons has the same meaning as in Article 3A of the Income Tax (Jersey) Law 1961.

Article 5 provides that the enveloped property of an entity must be treated as being in non-domestic use if –

(a) it consists of 2 or more areas or units of land which are separately listed for the purposes of the Rates (Jersey) Law 2005;

(b) at least one of the areas or units is listed as being in domestic use and at least one is listed as being in non-domestic use; and

(c) each of the areas or units is physically attached to or immediately adjacent to at least one of the other areas or units.

Land is defined as having the same meaning as in the Rates (Jersey) Law 2005.

Article 6 introduces Schedule 1 which sets out circumstances in which a transaction is excluded from the application of the Law. The Schedule may be amended by Regulations.

Article 7 explains how the tax is calculated. The calculation is £80 plus an amount, calculated by reference to the market value of the land based on rates provided in Schedule 2. Schedule 2 may be amended by Regulations. There are separate calculations depending on whether the enveloped property is treated for rating purposes as being in domestic or non-domestic use and for enveloped property held under a contract lease. If a significant interest is owned by connected persons, each of the connected persons pays the proportion of the total tax due that relates to the proportion of the significant interest the person holds. It also provides rules for establishing the market value. Market value is defined as the unencumbered value of the enveloped property, or, if the property is held under a contract lease, the total amount of rent payable in respect of the unexpired term of the lease.

Article 8 requires a person who acquires a significant interest to deliver to the Comptroller of Revenue –

(a) a statement containing prescribed information;

(b) such documents or copies as may be prescribed; and

(c) the amount of tax charged and due on the transaction.

The statement and amount of tax must be delivered not later than 28 days after the transaction occurred and the statement must include a declaration that to the best of the person's knowledge and belief it is true, complete and correct.

Article 9 requires an entity in Jersey in respect of which a relevant transaction has taken place to deliver to the Comptroller a statement –

(a) that a significant interest has been acquired in the entity; and

(b) of the name of the person who acquired the significant interest.

The statement must be delivered not later than 28 days after the transaction occurred and must contain prescribed information and be in the prescribed form. But the entity does not need to deliver the statement if it knows that a statement has been delivered under Article 8.

Article 10 provides that the Comptroller may serve a notice requiring a person to provide information for the purposes of assisting the Comptroller to decide whether there is a liability to EPTT.

Article 11 gives the Comptroller power to make an assessment of EPTT in cases where no statement or payment has been made under Article 8 or if a misleading statement has been delivered. The Comptroller may also make an assessment or additional assessment if the Comptroller thinks that a transaction or series of transactions was designed to avoid or reduce a person's liability to EPTT. If the Comptroller raises an assessment under this Article –

(a) the Comptroller must serve notice on the person; and

(b) the person must pay the tax due not later than 28 days after the date of the notice.

Article 12 states how documents are to be served on a person.

Article 13 provides that a person who fails or refuses to pay EPTT at the time required under the Law must pay a surcharge of 10% of the tax due. The Comptroller may waive or reduce the surcharge if the failure to pay –

(a) was not the fault of the person due to pay the tax and the fault is remedied without delay; or

(b) was due to death, serious illness or other grave and exceptional circumstances.

Within 40 days of a notice issued by the Comptroller the person must either pay the surcharge or apply in writing to the Comptroller for a waiver or reduction of the amount of the surcharge.

Article 14 requires the Comptroller to issue a receipt on payment of tax under Article 8 or 11.

Article 15 requires an entity which owns enveloped property to keep records to enable verification of information required to be contained in a statement made under

Article 8, 9 or 10. The records must be preserved for 6 years following the relevant transaction.

Article 16 enables the Treasurer of the States to institute proceedings for the recovery of tax after the expiry of the 28 days mentioned in Article 8(2) or 11(4) or for the recovery of a surcharge after the expiry of the 40 days mentioned in Article 13(5). Articles 43 and 44 of the Income Tax (Jersey) Law 1961 (which provide for deduction of arrears of tax from earnings and for a certificate of the Comptroller to be admissible in evidence) are applied for the purposes of such proceedings.

Article 17 provides for the imposition of a fine of up to £3,000 on a person who fails to comply with a requirement to deliver a statement under Article 8, 9 or 10. It also applies Part 4 of the Revenue Administration (Jersey) Law 2019 (which provides for the imposition of civil penalties for inaccurate income tax returns) where a person carelessly or deliberately provides a statement that is incorrect in a material particular.

Article 18 creates an offence for making a false or misleading statement. The penalty for making a false or misleading statement is imprisonment for a period of 12 months and a fine of level 3 on the standard scale. It is a defence for a person to show that he or she had a reasonable excuse for not complying with Article 8.

Special provision is made for offences committed by limited partnerships or bodies corporate where the offence is committed with the consent or connivance or attributable to the neglect of a partner, director, manager, secretary or other similar officer of such an entity. Similar provision is made for entities managed by its members.

Article 19 gives a right of appeal to a person aggrieved by a decision or assessment made by the Comptroller under the Law. Notice of an appeal must be given not more than 40 days after notice of the decision or assessment appealed against. In the case of an appeal against an assessment or additional assessment under Article 11(2) or (3) the grounds of appeal include that –

(a) the avoidance or reduction of liability was not the main or one of the main purposes of the transaction;

(b) the transaction or combination or series of transactions were bona fide commercial transactions not designed to avoid or reduce liability to EPTT;

(c) the person has been overcharged.

The Comptroller has discretion to extend the period for giving notice of appeal if satisfied the delay was due to absence, sickness or other reasonable cause. Part 6 of the Income Tax (Jersey) Law 1961 is applied for the purposes of appeals under this Article.

Article 20 amends the Taxation (Land Transactions) (Jersey) Law 2009. The effect of the amendment is to remove the limitation in the application of that Law to property used as a dwelling. As a result of the amendment the 2009 Law will apply to all property.

Article 21 introduces Schedule 3 which contains consequential amendments.

Article 22 provides for the title by which this Law may be cited and for its coming into force 7 days after the date the Law is registered.

Schedule 1 lists the transactions which are excluded from the application of the Law. These are:

- Where an interest in property is acquired by succession under a will or otherwise;

- The transfer of an interest in property as a result of a court order;
- The transfer of shares in a company by a nominee –
  - (a) to the beneficial owner of the company; or
  - (b) to another nominee who holds the shares on behalf of the beneficial owner;
- The transfer of shares in a company which is listed on a recognised stock exchange as defined in Article 3 of the Income Tax (Jersey) Law 1961;
- The issue, transfer or redemption of units in a collective investment fund as defined in that Article;
- An agreement giving a person an option to purchase property;
- A transaction the principal purpose of which is to –
  - (a) create or enforce a security interest (as defined in the Security Interests (Jersey) Law 2012);
  - (b) otherwise secure or enforce the repayment of a loan;
- A transaction where the transferee is connected with the transferor and –
  - (a) in consequence of an earlier transaction to which Article 4 of that Law applies, the transferor and the transferee acquired in aggregate a significant interest in an entity owning enveloped property and enveloped property transaction tax was charged and levied on the transaction and has been paid;
  - (b) the transferee subsequently acquires a significant interest in the entity in his or her own right in consequence of a transfer of interest from the transferor;
- A transaction where the transferee is exempt from tax under Article 115(a), (aa) or (ae) of the Income Tax (Jersey) Law 1961;
- A transaction where the transferee is a company –
  - (a) which is prescribed under Article 2 of the Social Housing (Transfer) (Jersey) Law 2013; and
  - (b) whose income qualifies for exemption from tax under Article 115(c) of the 1961 Law;
- A transaction where the transferee is a Minister (as defined in the States of Jersey Law 2005);
- A transaction where the transferee is one of the Parishes;
- The effect of the transaction is to transfer the significant interest in an entity where the transferor and transferee are companies which are connected persons.

Schedule 2 sets out the tables by which the variable amount of the EPTT is to be calculated.

Schedule 3 contains amendments to the Companies (Jersey) Law 1991, and the Revenue Administration (Jersey) Law 2019 (“2019 Law”). The amendment to the Companies (Jersey) Law 1991 prohibits registration of an instrument of a share transfer which is a relevant transaction unless a receipt under Article 14 of the new Law for payment of EPTT is also produced. The amendments to the 2019 Law are consequential on the new provisions of the proposed Taxation (Enveloped Property Transactions) (Jersey) Law 202-.

Jersey

DRAFT TAXATION (ENVELOPED PROPERTY TRANSACTIONS) (JERSEY) LAW 202-

Contents

Article

Jersey

DRAFT TAXATION (ENVELOPED PROPERTY TRANSACTIONS) (JERSEY) LAW 202-

A LAW to provide for the taxation of certain transactions by which control of an entity which owns certain land in Jersey is transferred from one person to another; and for connected purposes.

Adopted by the States	*[date to be inserted]*
Sanctioned by Order of Her Majesty in Council	*[date to be inserted]*
Registered by the Royal Court	*[date to be inserted]*
Coming into force	*[date to be inserted]*

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law –

1 Interpretation

(1) In this Law, unless the context otherwise requires –

"the 1961 Law" means the Income Tax (Jersey) Law 1961;

"the Commissioners" means Commissioners of Appeal appointed under Article 5 of the Revenue Administration (Jersey) Law 2019;

"Comptroller" has the same meaning as in the Revenue Administration (Jersey) Law 2019;

"controlled entity" is construed in accordance with Article 3(5);

"enveloped property" means land in Jersey –

(a) which is owned by a person who is not an individual; or

(b) in respect of which the lessee under a contract lease of the land is a person who is not an individual;

"market value" is construed in accordance with Article 7(7);

"Minister" means the Minister for Treasury and Resources;

"significant interest" is construed in accordance with Article 3(2);

"prescribed" means prescribed by Order made by the Minister;

"relevant transaction" is construed in accordance with Article 3.

(2) Except in subparagraph (a) of the definition enveloped property, a reference (however expressed) to a person who owns enveloped property

includes a reference to a lessee under a contract lease of enveloped property.

(3) For the purposes of this Law –

(a) a reference to domestic use must be construed as a reference to use for domestic purposes in accordance with the Rates (Jersey) Law 2005;

(b) a reference to non-domestic use must be construed as a reference to use for non-domestic purposes in accordance with that Law;

(c) any question whether land is used for domestic or non-domestic purposes is determined in accordance with the use indicated in the Rates List maintained and kept under that Law for the parish in which the land is situated at the date of the relevant transaction.

(4) Paragraph (3)(c) is subject to Article 5.

2 Enveloped property transaction tax

A tax to be known as “enveloped property transaction tax” is charged and due, under this Law, on a transaction to which this Law applies (a relevant transaction).

3 Relevant transactions

(1) A transaction is a relevant transaction if –

(a) it transfers to a person an interest in an entity;

(b) the effect of the transfer is to confer on the person a significant interest in the entity; and

(c) the entity, or any entity over which it has control (a controlled entity), is the beneficial owner of enveloped property the market value of which exceeds –

(i) if the enveloped property is used for domestic purposes, £500,000, and

(ii) if the enveloped property is used for non-domestic purposes, £700,000.

(2) A person has a significant interest in an entity if the person owns or controls more than 50% of the interest in the entity.

(3) For the purposes of paragraph (2), a person owns or controls more than 50% of the interest in a controlled entity if –

(a) the person owns or controls more than 50% of the interest in the controlling entity; and

(b) the controlling entity owns or controls more than 50% of the interest in the controlled entity.

(4) An interest in an entity includes –

(a) shares in a company;

(b) a beneficial interest in any other body or partnership.

(5) An entity is a controlled entity if –

(a) in the case of a company, another entity owns or otherwise controls a majority of the voting rights in the company;

(b) in any other case, another entity controls the activities or business of the entity.

(6) It is immaterial whether an entity is established in Jersey or has a place of business there.

(7) The Minister may, by Order, amend a figure mentioned in paragraph (1)(c) to take account of changes in the value of money.

(8) A transaction to which the Taxation (Land Transactions) (Jersey) Law 2009 applies is not a relevant transaction.

4 Connected persons

(1) For the purposes of Article 3(1)(b) a transfer also confers a significant interest in an entity if –

(a) a person ("A") holds or acquires an interest in an entity;

(b) another person ("B") with whom A is connected also acquires an interest in the entity;

(c) in consequence of the acquisition mentioned in paragraph (b), the holdings of A and B in aggregate constitute a significant interest in the entity.

(2) Any question whether a person is connected with another is determined in accordance with Article 3A of the 1961 Law.

5 Enveloped property deemed to be in non-domestic use

(1) Paragraph (2) applies if –

(a) enveloped property comprises 2 or more areas or units of land each of which is separately listed for the purposes of the Rates (Jersey) Law 2005;

(b) at least one of the areas or units is listed as being in domestic use and at least one other is listed as being in non-domestic use; and

(c) each of the areas or units is physically attached to or immediately adjacent to at least one other such area or unit.

(2) All of the enveloped property must be treated for the purposes of this Law as being listed as in non-domestic use.

(3) In this Article, "land" has the same meaning as in the Rates (Jersey) Law 2005.

6 Excluded transactions

(1) This Law does not apply to a transaction or description of a transaction specified in Schedule 1.

(2) The States may, by Regulations, amend Schedule 1.

7 Calculation of charge to tax

(1) The tax chargeable and due in respect of a relevant transaction is £80 + Y, where "Y" is the amount found in accordance with column 2 of Table A or, as the case may be, Table B or C in Schedule 2.

(2) In Table A in Schedule 2 –

(a) column 1 sets out ranges of market value of enveloped property used for non-domestic purposes;

(b) column 2 sets out the calculation of the variable element of the amount of tax in respect of the market value range to which it relates.

(3) In Table B in Schedule 2 –

(a) column 1 sets out ranges of market value of enveloped property used for domestic purposes;

(b) column 2 sets out the calculation of the variable element of the amount of tax in respect of the market value range to which it relates.

(4) In Table C in Schedule 2 –

(a) column 1 sets out the ranges of annual rental payable on enveloped property which is held under a contract lease;

(b) column 2 sets out the calculation of the variable element of the amount of tax in respect of the annual rental range to which it relates.

(5) Paragraph (6) applies if –

(a) in consequence of a transaction or a series of transactions, two or more connected persons acquire interests in an entity;

(b) the aggregate value of the interests amounts to a significant interest.

(6) The tax payable by each connected person is the proportion of the total amount of tax charged and due which represents the proportion of significant interest acquired by the person concerned.

(7) The market value is –

(a) the unencumbered value at the date of the transaction of the enveloped property;

(b) in the case of enveloped property which is held under a contract lease, the amount found under paragraphs (8) and (9).

(8) The amount is –

$$\pounds(AR \times YR)$$

Where –

AR is the amount of the annual rental payable in respect of the lease;

YR is whichever is the lower of –

(a) the number of years remaining in the term of the lease at the date of the relevant transaction; or

(b) 21.

(9) If the amount of the annual rental payable in respect of a lease is less than the amount that would be expected to be paid under normal market conditions as rental for the property (amount A), AR in paragraph (8) is amount A.

(10) For the purposes of paragraph (7), no account must be taken of any debts or other liabilities of –

(a) the entity which owns the enveloped property;

(b) if the entity is a company, any other company with which it is connected;

(c) if the entity is not a company, any other entity in which the beneficial ownership is held by the same person who has beneficial ownership of the first entity or by a person connected with that person;

(d) if the entity is a controlled entity, the entity by which it is controlled.

(11) The States may by Regulations amend Schedule 2.

8 Duty to deliver statement and pay tax

(1) A person who acquires a significant interest in an entity in consequence of a relevant transaction must, in respect of the transaction, deliver to the Comptroller –

(a) a statement containing the prescribed information;

(b) such documents or copies as may be prescribed;

(c) the amount of tax charged and due on the transaction.

(2) The statement and amount of tax must be delivered not later than 28 days after the transaction takes place.

(3) The statement must include a declaration by the person delivering it that the statement is, to the best of the person's knowledge and belief, true, complete and correct.

9 Statement by owner of enveloped property

(1) This Article applies if –

(a) an entity is registered, established or has a place of business in Jersey;

(b) the entity, or a controlled entity of it, owns enveloped property; and

(c) a relevant transaction takes place in relation to the entity.

(2) The entity must deliver to the Comptroller a statement –

(a) that a significant interest has been acquired in the entity;

(b) of the name of the person who has acquired the significant interest.

(3) A statement under paragraph (2) –

(a) must be made not later than 28 days after the relevant transaction takes place;

(b) must contain such other information and be in such form as may be prescribed.

(4) Paragraph (2) does not apply if a statement has been delivered to the Comptroller under Article 8.

10 Delivery of statements under a notice

(1) The Comptroller may, by notice served on a person, require the person to provide a statement of the following –

(a) whether, during the period specified in the notice, the person has acquired or disposed of an interest in an entity which owns enveloped property;

(b) the name and address of the person from whom the interest was acquired;

(c) the name and address of the person to whom the interest was disposed;

(d) the date of the transaction;

(e) the address of the enveloped property;

(f) the name and address of the entity;

(g) the name and address of any entity which, directly or indirectly, has an interest in the enveloped property;

(h) such other information as the Comptroller reasonably requires to enable a determination as to whether a liability to tax under this Law arises.

(2) The statement must include a declaration by the person that to the best of the person's knowledge or belief the statement –

(a) contains all of the particulars required by the notice;

(b) is true, complete and correct.

(3) The statement must be provided within the time specified in the notice.

11 Power of Comptroller to make assessment of tax

(1) Paragraph (2) applies if it appears to the Comptroller that a relevant transaction has taken place, but –

(a) Article 8 has not been complied with; or

(b) a statement delivered under Article 8 contains information which is false or misleading in a material particular.

(2) The Comptroller may make an assessment, on the person required to comply with Article 8, of the tax due and charged on the transaction.

(3) If the Comptroller is of the opinion that the main purpose, or one of the main purposes, of a transaction or of a combination or series of transactions is the avoidance or reduction of the liability of a person to tax under this Law, the Comptroller may make such assessment or additional assessment of tax on the person as the Comptroller thinks appropriate to counteract the avoidance or reduction of liability.

(4) If the Comptroller raises an assessment of tax under this Article –

(a) the Comptroller must serve on the person assessed a notice in writing of the assessment;

(b) the tax due under the assessment must be paid not later than 28 days after the date of the notice.

(5) A notice under paragraph (4) must include –

(a) the amount of the assessment;

(b) the means by which and latest date on which an appeal against the assessment may be made.

12 Service of documents

(1) Any document which the Comptroller may or is required to deliver to a person under this Law may be delivered to the person –

(a) by sending it to the person's usual or last known address;

(b) if the person is a company, by sending it to its registered office;

(c) if the person is a business, by sending it to its principal place of business or last known principal place of business;

(d) if the person is an unincorporated body –

(i) by sending it to a partner, member of the committee or similar governing body, manager, director or similar officer, or

(ii) by sending it to the body's last known address or place of business.

(2) It is immaterial whether an address is in Jersey or elsewhere.

13 Late payment surcharge

(1) This Article applies if a person who is required to pay tax under Article 8 fails or refuses to pay the tax due at the time required by that Article.

(2) The person is charged with and due for a surcharge of 10% of the amount of tax to be paid under Article 8.

(3) The Comptroller may waive or reduce the amount of the surcharge if –

(a) failure to pay the tax due under Article 8 at the time required is caused by the action of a person not connected with the person mentioned in paragraph (1) and the failure is remedied without delay; or

(b) the Comptroller is satisfied that death, serious illness or other grave and exceptional circumstances prevented payment at the time required by that Article.

(4) The Comptroller must issue a written notice to a person of his or her liability to pay the surcharge under paragraph (2).

(5) Not later than 40 days after the issue of a notice under paragraph (4), the person may apply in writing to the Comptroller for a waiver or reduction as mentioned in paragraph (3).

(6) Where a person applies under paragraph (5), the Comptroller must give notice to the person as to whether the Comptroller has waived or reduced the person's liability.

14 Issue of receipt for tax

(1) The Comptroller must issue a receipt in respect of the payment of tax under Article 8 or 11.

(2) A receipt must be marked with a unique number.

15 Duty to keep records

(1) An entity which owns enveloped property must –

(a) keep such records as may be required to verify the information required to be contained in a statement delivered under Article 8, 9 or 10;

(b) preserve the records in accordance with this Article.

(2) The records must be preserved for the period of 6 years after the date of the relevant transaction to which they relate.

(3) The records required to be kept and preserved include –

(a) relevant documents relating to the transaction;

(b) records of relevant payments, receipts and financial arrangements.

(4) The duty to preserve records may be satisfied by the preservation of the information contained in them.

(5) Where information is preserved under paragraph (4), a copy of any document forming part of the records is admissible in proceedings before the Commissioners to the same extent as the records themselves.

16 Proceedings for recovery of tax

(1) Proceedings for the recovery of unpaid tax or for the recovery of a surcharge imposed under Article 13 may be instituted by the Treasurer of the States at any time after the expiry of the period specified in Article 8(2), 11(4) or 13(5) as the case may be.

(2) Article 43 of the 1961 Law applies where judgment has been obtained for the payment of tax or a surcharge due under this Law by an individual as it applies where judgment has been obtained for payment of arrears of income tax by an individual.

(3) Article 44 of the 1961 Law applies for the purpose of the recovery by legal process of tax or a surcharge due under this Law as it applies for the purposes of the recovery by legal process of income tax.

17 Penalties for failure to deliver statements and provision of inaccurate information

(1) A person who fails to deliver a statement required by Article 8, 9 or 10 is liable to a penalty not exceeding £3,000.

(2) A person is not liable to a penalty under paragraph (1) if the person satisfies the Comptroller or, on an appeal under Article 19, the Commissioners, that there is a reasonable excuse for the failure.

(3) If a person had a reasonable excuse for a failure but the excuse has ceased, the person is to be treated as having continued to have the excuse if the failure is remedied without unreasonable delay after the excuse has ceased.

(4) If a person becomes liable to a penalty under paragraph (1), the Comptroller may determine the amount of the penalty and impose it on the person.

(5) If the Comptroller imposes a penalty, the Comptroller must notify the person –

(a) of the reasons for imposing the penalty;

(b) of the amount of the penalty;

(c) of the person's right of appeal under Article 19.

(6) The Comptroller must not impose a penalty more than 6 years after the date on which the person becomes liable to the penalty.

(7) Part 4 of the Revenue Administration (Jersey) Law 2019 applies to a statement under Article 8 as it applies to a return within the meaning of that Part subject to the following modifications –

(a) sub-paragraph (d) of Article 10 of that Law is ignored and other references to a return must be construed as references to a statement under Article 8 of this Law;

(b) Article 12(3) of that Law is ignored;

(c) in Article 13(3) of that Law, references to the Income Tax Law must be construed as references to this Law, and the reference to Article 41I of the Income Tax Law must be construed as a reference to Article 13 of this Law;

(d) in Article 15 of that Law, references to Article 137 of the Income Tax Law must be construed as references to Article 18 of this Law.

18 Offences

(1) A person commits an offence and is liable to imprisonment for a period of 12 months and to a fine of level 3 on the standard scale if the person –

(a) delivers a statement under Article 8(1)(a) which the person knows to be false or misleading in a material particular;

(b) delivers a document or copy of a document under Article 8(1)(b) which the person knows to be false or misleading.

(2) In paragraph (3) –

"relevant offence" means an offence under this Article that is committed by a limited liability partnership, a separate limited partnership, an incorporated limited partnership or another body corporate;

"relevant person" means –

(a) if the relevant offence is committed by a limited liability partnership, a partner of the partnership;

(b) if the relevant offence is committed by a separate limited partnership or an incorporated limited partnership –

(i) a general partner, or

(ii) a limited partner who is participating in the management of the partnership;

(c) if the relevant offence is committed by a body corporate other than an incorporated limited partnership –

(i) a director, manager, secretary or other similar officer of the body corporate, and

(ii) if the affairs of the body corporate are managed by its members, a member who is acting in connection with the member's functions of management; and

(d) a person purporting to act in any capacity described in sub-paragraphs (a) to (c) in relation to the partnership or body that commits the relevant offence.

(3) If a relevant offence is proved to have been committed with the consent or connivance of a relevant person, that relevant person is also guilty of the offence and liable in the same manner as the partnership or body corporate to the penalty provided for that offence.

19 Right of appeal

(1) A person aggrieved by a decision of or assessment made by the Comptroller under this Law may appeal to the Commissioners by giving notice in writing to the Comptroller not later than 40 days after the date of the notice of the decision or assessment.

(2) In the case of a person aggrieved by an assessment or additional assessment under Article 11(2) or (3), the grounds for appeal include that –

(a) the avoidance or reduction of his or her liability to tax under this Law was not the main purpose or one of the main purposes of the transaction or combination or series of transactions;

(b) the transaction was a bona fide commercial transaction, or the combination or series of transactions were bona fide commercial transactions, not designed for the purpose of avoiding or reducing liability to tax under this Law;

(c) he or she has been overcharged by the assessment or additional assessment.

(3) If the Comptroller is satisfied that, owing to absence, sickness or other reasonable cause, a person was prevented from appealing in the time specified in paragraph (1), the Comptroller may admit the appeal if notice is given by the person without undue delay.

(4) Part 6 of the 1961 Law applies, with the necessary modifications to an appeal under paragraph (1) as it applies to an appeal under Article 27(1) of that Law.

20 Amendment of Taxation (Land Transactions) (Jersey) Law 2009

(1) The Taxation (Land Transactions) (Jersey) Law 2009 is amended as follows.

(2) In Article 1(1), the definition of "land" is deleted.

(3) In the Schedule, in paragraph 2(1) for "where the value of the transaction" and the table following it there is substituted "the amount found in accordance with Table A (in the case of land used for non-domestic purposes) or, as the case may be, Table B (in the case of land used for domestic purposes) –

TABLE A

Land used for non-domestic purposes

Value of the transaction	*Variable element of tax*
(i) does not exceed £50,000	50p each £100 or part of £100 subject to a minimum of £10
(ii) exceeds £50,000 but does not exceed £300,000	£250 in respect of the first £50,000, plus £1.50 for each £100 or part of £100 in excess thereof
(iii) exceeds £300,000 but does not exceed £500,000	£4,000 in respect of the first £300,000, plus £2 for each £100 or part of £100 in excess thereof
(iv) exceeds £500,000 but does not exceed £700,000	£8,000 in respect of the first £500,000, plus £2.50 for each £100 or part of £100 in excess thereof
(v) exceeds £700,000 but does not exceed £1,000,000	£13,000 in respect of the first £700,000, plus £3 for each £100 or part of £100 in excess thereof
(vi) exceeds £1,000,000 but does not exceed £1,500,000	£22,000 in respect of the first £1,000,000 plus £3.50 for each £100 or part of £100 in excess thereof
(vii) exceeds £1,500,000 but does not exceed £2,000,000	£39,500 in respect of the first £1,500,000 plus £4 for each £100 or part of £100 in excess thereof
(viii) exceeds £2,000,000	£59,500 in respect of the first £2,000,000 plus £5 for each £100 or part of £100 in excess thereof

TABLE B

Land used for domestic purposes

Value of the Transaction	*Variable element of tax*
(i) does not exceed £50,000	50p each £100 or part of £100 subject to a

		minimum of £10
(ii)	exceeds £50,000 but does not exceed £300,000	£250 in respect of the first £50,000, plus £1.50 for each £100 or part of £100 in excess thereof
(iii)	exceeds £300,000 but does not exceed £500,000	£4,000 in respect of the first £300,000, plus £2 for each £100 or part of £100 in excess thereof
(iv)	exceeds £500,000 but does not exceed £700,000	£8,000 in respect of the first £500,000, plus £3 for each £100 or part of £100 in excess thereof
(v)	exceeds £700,000 but does not exceed £1,000,000	£14,000 in respect of the first £700,000, plus £3.50 for each £100 or part of £100 in excess thereof
(vi)	exceeds £1,000,000 but does not exceed £1,500,000	£24,500 in respect of the first £1,000,000 plus £4.50 for each £100 or part of £100 in excess thereof
(vii)	exceeds £1,500,000 but does not exceed £2,000,000	£47,000 in respect of the first £1,500,000 plus £5.50 for each £100 or part of £100 in excess thereof
(viii)	exceeds £2,000,000 but does not exceed £3,000,000	£74,500 in respect of the first £2,000,000 plus £7 for each £100 or part of £100 in excess thereof
(ix)	exceeds £3,000,000 but does not exceed £6,000,000	£144,500 in respect of the first £3,000,000 plus £9.50 for each £100 or part of £100 in excess thereof
(x)	exceeds £6,000,000	£429,500 in respect of the first £6,000,000 plus £10.50 for each £100 or part of £100 in excess thereof”

(4) In the Schedule, in paragraph 2, after sub-paragraph (1) there is inserted –

“(1A) For the purposes of sub-paragraph (1) –

(a) a reference to domestic use must be construed as a reference to use for domestic purposes in accordance with the Rates (Jersey) Law 2005;

(b) a reference to non-domestic use must be construed as a reference to use for non-domestic purposes in accordance with that Law;

(c) any question whether land is used for domestic or non-domestic purposes is determined in accordance with the use indicated in the Rates List maintained and kept under that Law for the parish in which the land is situated at the date of the relevant transaction.”.

21 Consequential amendments

Schedule 3 contains consequential amendments.

22 Citation and commencement

(1) This Law may be cited as the Taxation (Enveloped Property Transactions) (Jersey) Law 202-.

(2) This Law comes into force 7 days after its registration.

SCHEDULE 1

(Article 6)

EXCLUDED TRANSACTIONS

List of excluded transactions

(1) Succession to an interest in the property of a deceased person, whether under a will or otherwise.

(2) The transfer of an interest in property further to an order of a court.

(3) The transfer of shares in a company by a nominee –

(a) to the beneficial owner of the company; or

(b) to another nominee who holds the shares on behalf of the beneficial owner.

(4) The transfer of shares in a company which is listed on a recognised stock exchange as defined in Article 3 of the 1961 Law.

(5) The issue, transfer or redemption of units in a collective investment fund as defined in that Article.

(6) An agreement giving a person an option to purchase property.

(7) A transaction the principal purpose of which is to –

(a) create or enforce a security interest (as defined in the Security Interests (Jersey) Law 2012); or

(b) otherwise secure or enforce the repayment of a loan.

(8) A transaction where the transferee is connected with the transferor and –

(a) in consequence of an earlier transaction to which Article 4 of the Law applies, the transferor and the transferee acquired in aggregate a significant interest in an entity owning enveloped property and enveloped property transaction tax was charged and levied on the transaction and has been paid; or

(b) the transferee subsequently acquires a significant interest in the entity in the transferee's own right in consequence of a transfer of interest from the transferor.

(9) A transaction where the transferee is exempt from tax under Article 115(a), (aa) or (ae) of the 1961 Law.

(10) A transaction where the transferee is a company –

(a) which is prescribed under Article 2 of the Social Housing (Transfer) (Jersey) Law 2013; and

(b) whose income qualifies for exemption from tax under Article 115(c) of the 1961 Law.

(11) A transaction where the transferee is a Minister (as defined in the States of Jersey Law 2005).

(12) A transaction where the transferee is one of the Parishes.

(13) A transaction the effect of which is to transfer the significant interest in an entity where the transferor and transferee are each companies which are connected persons.

SCHEDULE 2

(Article 7)

CALCULATION OF VARIABLE ELEMENT OF TAX

TABLE A

ENVELOPED PROPERTY USED FOR NON-DOMESTIC PURPOSES

Market value of enveloped property	*Variable element of tax*
Exceeding £700,000 but not exceeding £1,000,000	£13,000 in respect of the first £700,000 plus £3 for each £100 or part of £100 in excess of that
Exceeding £1,000,000 but not exceeding £1,500,000	£22,000 in respect of the first £1,000,000 plus £3.50 for each £100 or part of £100 in excess of that
Exceeding £1,500,000 but not exceeding £2,000,000	£39,500 in respect of the first £1,500,000 plus £4 for each £100 or part of £100 in excess of that
Exceeding £2,000,000	£59,500 in respect of the first £2,000,000 plus £5 for each £100 or part of £100 in excess of that

TABLE B

ENVELOPED PROPERTY USED FOR DOMESTIC PURPOSES

Market value of enveloped property	*Variable element of tax*
Exceeding £500,000 but not exceeding £700,000	£8,000 in respect of the first £500,000 plus £3 for each £100 or part of £100 in excess of that
Exceeding £700,000 but not exceeding £1,000,000	£14,000 in respect of the first £700,000 plus £3.50 for each £100 or part of £100 in excess of that
Exceeding £1,000,000 but not exceeding £1,500,000	£24,500 in respect of the first £1,000,000 plus £4.50 for each £100 or part of £100 in excess of that
Exceeding £1,500,000 but not exceeding £2,000,000	£47,000 in respect of the first £1,500,000 plus £5.50 for each £100 or part of £100 in excess of that
Exceeding £2,000,000 but not exceeding £3,000,000	£74,500 in respect of the first £2,000,000 plus £7 for each £100 or part of £100 in excess of that

Exceeding £3,000,000 but not exceeding £6,000,000	£144,500 in respect of the first £3,000,000 plus £9.50 for each £100 or part of £100 in excess of that
Exceeding £6,000,000	£429,500 in respect of the first £6,000,000 plus £10.50 for each £100 or part of £100 in excess of that

TABLE C

ENVELOPED PROPERTY COMPRISED IN A CONTRACT LEASE

Market value of enveloped property	*Variable element of tax*
Exceeding £500,000 in the case of property used for domestic purposes	£3,500 in respect of the first £500,000, plus 75p for each £100 or part of £100 in excess of that
Exceeding £700,000 in the case of property used for non-domestic purposes	£5,000 in respect of the first £700,000 plus 75p for each £100 or part of £100 in excess of that.

SCHEDULE 3

CONSEQUENTIAL AMENDMENTS

1 Companies (Jersey) Law 1991

Article 42 (transfer and registration) of the Companies (Jersey) Law 1991 is amended as follows –

(a) after paragraph (1A) there is inserted –

"(1AA) Notwithstanding anything in its articles, a company shall not register an instrument of transfer of shares which is a relevant transaction within the meaning of the Taxation (Enveloped Property Transactions) (Jersey) Law 202- unless there is produced to the company a receipt issued under Article 14 of that Law in respect of the tax paid in consequence of the transaction.";

(b) in paragraph (1B) after "(1A)" there is inserted "or (1AA)";

(c) in paragraph (2) for "and (1A)" there is substituted ", (1A) and (1AA)".

2 Revenue Administration (Jersey) Law 2019

(1) The Revenue Administration (Jersey) Law 2019 is amended as follows.

(2) In Article 1 –

(a) after the definition of "Deputy Comptroller" there is inserted –

" "Enveloped Property Transactions Tax Law" means the Taxation (Enveloped Property Transactions) (Jersey) Law 202-;";

(b) in the definition of "Revenue Laws", after sub-paragraph (f) there is inserted –

"(g) the Enveloped Property Transactions Tax Law;".

(3) In Article 2(1)(a) for "and the Land Transactions Tax Law" there is substituted "the Land Transactions Tax Law and the Enveloped Property Transactions Tax Law".

(4) In Article 8 –

(a) in paragraph (3)(a)(i), for "or Land Transactions Tax Law" there is substituted "Land Transactions Tax Law or Enveloped Property Transactions Tax Law";

(b) in paragraph (9), at the end there is inserted "or Article 9(1) of the Enveloped Property Transactions Tax Law".

(5) In Article 27A(1), in the definition of "tax" for "or Land Transactions Tax Law" there is substituted "Land Transactions Tax Law or Enveloped Property Transactions Tax Law".