

### **2.3 Deputy J.H. Young of the Minister for Treasury and Resources regarding Income Tax allowance for non-corporate owners of residential properties whose properties were not in a suitable condition for letting:**

Before putting my question, I would just like to say I recognise my question does require me to make a declaration of interest under Standing Order 106(2) because of a property that a close member of my family inherited in the last few years. So having done that, may I make the question? In view of the 3,103 vacant private dwellings reported in the 2011 census, will the Minister inform the Assembly whether non-corporate owners of residential properties whose properties are not in a suitable condition for letting currently receive income tax allowance against rental income for any capital expenditure incurred in bringing their properties into lettable condition? If not, will the Minister review this?

### **Deputy E.J. Noel of St. Lawrence (Assistant Minister for Treasury and Resources):**

Before I answer I too, I believe, have to make a declaration. I have a family member who has a property that comes under this category. Having said that, firstly I would say that it is not yet clear how many of these vacant private dwellings are properties that are not in a suitable condition for letting. For example, some may be new-builds that are not yet occupied or others may be where the owners are away on a long-term holiday. I believe that further analysis of the underlying data will be carried out by the independent Statistics Unit. The Income Tax Law allows a deduction to be made from rents charged to tax for spending on maintenance and repairs when property has fallen into a state of disrepair while being let. There is no provision to allow a deduction of this expenditure if the money was spent before the property was let. The Minister has committed to conduct a review of property taxation, which will look at how property income is currently taxed. This will aim to discourage unfair practice relating to property ownership and to determine whether the tax system can be used to encourage behaviour which is beneficial to the Island.

#### **2.3.1 Deputy J.H. Young:**

I thank the Minister. I would like, please, for him to clarify his answer. In view of the need for economic incentives for the building industry, would his review of the income tax law include widening the scope of the income tax relief, which I believe comes in Article 52, and to allow all property expenditure for refurbishment against tax and will that include removing the restriction on any relief on energy saving measures, all of which is, I think, in line to modernise the income tax law in line with his reply?

Deputy E.J. Noel:

Unfortunately for the good Deputy, I am reluctant to agree to that, the main reason being that tax policy should be made on sound evidence and the independent Statistics Unit has yet to carry out the full analysis of the 3,103 unoccupied properties and until we have a better understanding as to the nature of those properties, then it would be inappropriate to make amendments to our tax legislation.

#### **2.3.2 Deputy T.A. Vallois of St. Saviour:**

Could the Assistant Minister advise why areas such as these were not part of the recently conducted Fiscal Strategy Review, which resulted in a G.S.T. (Goods and Services Tax) rise?

Deputy E.J. Noel:

The potential amount of tax involved I believe would be quite small and that is the main reason why these types of areas were not considered in the review that was carried out in 2009, I believe.

### **2.3.3 Deputy G.P. Southern of St. Helier:**

As part of his review, has the Assistant Minister considered talking to the Parish authorities to agree a set of carrots or sticks to get these properties back on the market? What time scale is he thinking of reporting in? When will he report?

Deputy E.J. Noel:

Again, I go back to the work that is going to be carried out by the independent Statistics Unit. When we have a better understanding of the makeup of these 3,103 properties, we will have a better steer on which direction to take and if that means liaising with the Comité des Connétables to gather further information, we will do that.

### **2.3.4 Deputy G.P. Southern:**

Will the Assistant Minister answer the question? When is it his intention to report his findings back to this House?

Deputy E.J. Noel:

It depends on the outcome of the information provided by the Statistics Unit. Depending on their findings, the report back to this House may or may not be required. If their findings come up with figures that there are 3,000 properties that are newly-built that are vacant, then there is little point in coming back to this House. If there are a significant number of properties that have fallen into disrepair that could be brought back into the housing market, then, yes, that is a matter that can be brought back to this House.

Deputy G.P. Southern:

May I just make a general point about answering questions here? We have got a simple question here. When is it intended to come back? It could be this year, next year, the year after. It could be months; it could be within a year. Whatever the answer is, this Minister does not want to answer.

### **The Bailiff:**

Deputy, please do not continue speaking when the Chair is speaking. The Deputy has given an answer which is that he does not know. Now you may not like that answer but it is an answer to the question.

### **2.3.5 Deputy M. Tadier:**

Will the Assistant Minister confirm whether he thinks it is completely inappropriate to give taxpayers' money to multiple property owners to do up their places so that they can then let them out to other people who cannot afford to either buy or even affordably rent properties in the Island? Is this a good use of taxpayers' money as a principle?

Deputy E.J. Noel:

I have quite some sympathy with Deputy Tadier there. I do not personally think - this is a personal view - that taxpayers' money should be used to subsidise landlords who have a substantial property portfolio.

### **2.3.6 Senator A. Breckon:**

The Assistant Minister a number of times has mentioned the work being done by the Statistics Unit into the empty properties. Can he say which part of the Census Law allows them to look in more detail at information they have received?

Deputy E.J. Noel:

The simple answer is no, I do not know the answer to that. I do not know what part of the Census Law would allow them to look more deeply. From what I understand, they are working within their remit to provide a better breakdown of the figure that they have published.

Senator A. Breckon:

Is that a yes or a no? Can the Statistics Unit look at this within the Census Law or not?

Deputy E.J. Noel:

I thought I was quite clear. I do not know if they can or not.

### **2.3.7 Deputy J.H. Young:**

In view of the Assistant Minister's reply to Deputy Tadier's question, could I ask him to clarify whether his review will include an economic assessment of the benefits of providing incentives to generate additional economic growth, thereby increasing tax revenues rather than seeing it as a loss of public money?

Deputy E.J. Noel:

Yes, any changes to our tax system, albeit how large or small, have to look at all the factors concerned to make sure that there are no unforeseen results that could cause a detriment to our economy and Islanders.