

**INCOME TAX LEGISLATION: RELIEF ON SECOND  
MORTGAGES**

---

**Lodged au Greffe on 4th July 2000  
by Senator P.V.F. Le Claire**

---



**STATES OF JERSEY**

**STATES GREFFE**

## **PROPOSITION**

**THE STATES** are asked to decide whether they are of opinion -

to agree, in principle, that mortgage interest relief should only be granted in respect of residential property to which the Housing (Jersey) Law 1949, as amended, applies, which is owner-occupied and which is the owner's principal place of residence, and to charge the Finance and Economics Committee to prepare and present to the States the necessary legislation to implement the change as soon as practicable.

SENATOR P.V.F. LE CLAIRE

Note: The Finance and Economics Committee's comments are to follow.

## Report

I would like to clear up the misunderstanding of my question in the States to the President of the Finance and Economics Committee on 16th May. I was seeking an answer as to whether or not the Committee will be removing the tax relief on second mortgages in the foreseeable future in order to attack inflation. It was not intended to be directed to those people who have bent over backwards trying to get into the property market. It was aimed at those who are holding properties in excess of their own requirements. I would direct everyone's attention to the fact (as pointed out in the Jersey Consumer Council's newsletter of this month) that a significant contributory factor in the high inflation rate, which is currently double that of the United Kingdom, is the cost of rents, yours and mine. It especially refers to rents for lodging houses, in which a considerable percentage of the Island's working population are housed. The substantial sums of money needed by this sector to meet rents require tough decisions on other purchases, including food, fuel and clothing. All of these factors contribute to the current calls for high pay increases. It was in response to the call for home ownership that I first directed this question at the finance authorities of this Government over six months ago. It has even been stated by the visiting economist who prepared the recent report on inflation in the Island for the Policy and Resources Committee that "It should be looked at!" as a way of addressing inflation. (One thing remains constant - an Island is still something completely surrounded by advice!)

If the tax relief was removed from second mortgages, then perhaps it would encourage those holding them as business interests to give them up to those who have family life interests and survival interests. Until such time as this is done, the needs of the people will continue to be addressed by moving to France.