

STATES OF JERSEY



GOVERNMENT PLAN 2020–2023 (P.71/2019): TWENTIETH AMENDMENT

Lodged au Greffe on 12th November 2019
by the Corporate Services Scrutiny Panel

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

After the words “Article 9(2)(a) of the Law” insert the words –

“, except that the 2020 Estimate for Stamp Duty shall be increased by £1.06 million by amending the Stamp Duty bands in accordance with the table below, with other affected lines in Summary Table 1 to be updated accordingly –

Transaction value up to	2018 Rate	2019 Rate	Proposed new rate
1 – 50	0.5% up to 50k	0.5% up to 50k	–
50,001 – 300	1.5% on excess up to 300k	1.5% on excess up to 300k	–
300,001 – 500	2% on excess up to 500k	2% on excess up to 500k	–
500,001 – 700	2.5% on excess up to 700k	3% on excess up to 700k	–
700,001 – 1	3% on excess up to 1m	3.5% on excess up to 1m	–
1,000,001 – 1.5	4% on excess up to 1.5m	4.5% on excess up to 1.5m	5%
1,500,001 – 2	5% on excess up to 2m	5.5% on excess up to 2m	6.5%
2,000,001 – 3	6% on excess up to 3m	6.5% on excess up to 3m	8%
3,000,001 – 6	8% on excess up to 6m	8.5% on excess up to 6m	9.5%
6,000,001+	9% on excess	9.5% on excess	11%

CORPORATE SERVICES SCRUTINY PANEL

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2020–2023 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2020 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, except that the 2020 Estimate for Stamp Duty shall be increased by £1.06 million by amending the Stamp Duty bands in accordance with the table below, with other affected lines in Summary Table 1 to be updated accordingly –

Transaction value up to	2018 Rate	2019 Rate	Proposed new rate
1 – 50	0.5% up to 50k	0.5% up to 50k	–
50,001 – 300	1.5% on excess up to 300k	1.5% on excess up to 300k	–
300,001 – 500	2% on excess up to 500k	2% on excess up to 500k	–
500,001 – 700	2.5% on excess up to 700k	3% on excess up to 700k	–
700,001 – 1	3% on excess up to 1m	3.5% on excess up to 1m	–
1,000,001 – 1.5	4% on excess up to 1.5m	4.5% on excess up to 1.5m	5%
1,500,001 – 2	5% on excess up to 2m	5.5% on excess up to 2m	6.5%
2,000,001 – 3	6% on excess up to 3m	6.5% on excess up to 3m	8%
3,000,001 – 6	8% on excess up to 6m	8.5% on excess up to 6m	9.5%
6,000,001+	9% on excess	9.5% on excess	11%

- (b) to approve each major project that is to be started or continued in 2020 and the total cost of each such project, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 2 to the Report; and
- (c) to approve the proposed amount to be appropriated from the Consolidated Fund for 2020, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law and set out in Appendix 2 – Summary Tables 3(i) and (ii) of the Report; and
- (d) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2020 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 4 to the Report; and
- (e) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2020 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 5 to the Report; and
- (f) to approve –
- (i) the establishment of a “Climate Emergency Fund”, in accordance with the provisions of Article 6 of the Law, as set out at Appendix 3 to the Report; and
 - (ii) the estimated income and expenditure proposals for the Climate Emergency Fund for 2020 as set out in Appendix 2 – Summary Table 6 to the Report; and

- (g) to approve the amounts to be transferred from one States fund to another for 2020 in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 7 to the Report; and
- (h) to approve the estimated income and expenditure of the Social Security, Health Insurance and Long-Term Care Funds for 2020 set out in Appendix 2 – Summary Tables 8(i), (ii) and (iii) to the Report, with –
 - (i) the estimated income to be raised from existing social security contributions defined in the Social Security Law and the proposed changes to contribution liability; and
 - (ii) the estimated expenditure to be paid to support the existing benefits and functions defined in the Social Security Law, the Health Insurance Law and the Long-Term Care Funds and new benefits, if any, to be paid from the Funds; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2020–2023, as set out at Appendix 4 to the Report.

REPORT

Through this amendment, we propose to amend the Stamp Duty rates for residential property at the upper-end of the market (properties over £1 million).

Our review of the 2019 budget recommended that the Minister for Treasury and Resources made changes to stamp duty to increase the rates for more expensive properties and reduce rates at the lower end of the market, whilst simplifying the number of bands.

The Minister's response was that this work would be undertaken by the Housing Policy Development Board. We have yet to see evidence of progress on this issue, and have not been contacted by the Housing Policy Development Board to discuss any possible changes to Stamp Duty. We are concerned that, despite our recommendation, there is little likelihood of any changes to Jersey's complicated Stamp Duty system being brought forward.

This amendment increases Stamp Duty rates to the top end of the market, and should be read alongside our separate amendment to fund a Starter Home Loan Deposit Scheme ([P.71/2019 Amd.\(19\)](#)), which attempts to help buyers at the lower end of the housing market.

Financial and manpower implications

We have been advised by the Treasury and Exchequer Department that this amendment will raise additional stamp duty/LTT of £1.06 million. This estimate is calculated using transactions involving dwellings, and excluding transactions of £8 million or above for the years 2016 to 2018 inclusive. There are no manpower implications.