

STATES OF JERSEY



GOVERNMENT PLAN 2021–2024 (P.130/2020): SEVENTH AMENDMENT

Lodged au Greffe on 30th November 2020
by Corporate Services Scrutiny Panel

STATES GREFFE

1 PAGE 2, PARAGRAPH (a) –

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

“, except that the 2021 Estimate for Stamp Duty shall be increased by £335,000 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	2019 Rate	2020 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	3% on excess up to 700k	3% on excess up to 700k	-
700,001 – 1	3.5% on excess up to 1m	3.5% on excess up to 1m	-
1,000,001 – 1.5	4.5% on excess up to 1.5m	4.5% on excess up to 1.5m	-
1,500,001 - 2	5.5% on excess up to 2m	5.5% on excess up to 2m	-
2,000,001 - 3	6.5% on excess up to 3m	6.5% on excess up to 3m	7%
3,000,001 – 6	8.5% on excess up to 6m	8.5% on excess up to 6m	9.5%
6,000,001 +	9.5% on excess	9.5% on excess	10.5%

”.

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 2021 – 2024 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 2021 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 2021 Estimate for Stamp Duty shall be increased by £335,000 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	2019 Rate	2020 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	3% on excess up to 700k	3% on excess up to 700k	-
700,001 – 1	3.5% on excess up to 1m	3.5% on excess up to 1m	-
1,000,001 – 1.5	4.5% on excess up to 1.5m	4.5% on excess up to 1.5m	-
1,500,001 - 2	5.5% on excess up to 2m	5.5% on excess up to 2m	-
2,000,001 - 3	6.5% on excess up to 3m	6.5% on excess up to 3m	7%
3,000,001 – 6	8.5% on excess up to 6m	8.5% on excess up to 6m	9.5%
6,000,001 +	9.5% on excess	9.5% on excess	10.5%

- (b) to approve the amounts to be transferred from one States fund to another for 2021, in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 2 to the Report;
- (c) to approve the proposed borrowing to be obtained for 2021, in line with Article 9 (2)(c), up to and including the amount set out in Appendix 2 – Summary Table 3 to the Report;
- (d) to approve each major project that is to be started or continued in 2021 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved government plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;
- (e) to endorse the efficiencies and other re-balancing measures for 2021 contained in the Government Plan as set out in Appendix 2 Summary Table 6 and reflected within each gross head of expenditure in Appendix 2 – Summary Table 5(i);
- (f) to approve the proposed amount to be appropriated from the Consolidated Fund for 2021, 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 5(i) and (ii) of the Report;
- (g) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2021 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (h) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2021 for each head of expenditure

in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 8 to the Report; (i) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2021 as set out in Appendix 2 – Summary Table 9 to the Report;

- (i) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2021 as set out in Appendix 2 – Summary Table 9 to the Report;
- (j) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2021-2024, as set out at Appendix 3 to the Report.

REPORT

Through this amendment, the Panel proposes to amend the Stamp Duty rates for residential property at the upper-end of the market (properties over £2 million). This will help to raise revenue to negate the impact on public finances of COVID-19, while only targeting those in an advantaged position of being able to financially service the purchasing of a higher value property.

The Panel's review of the 2020 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, at that time, was that this work would be undertaken by the Housing Policy Development Board. The Panel is yet to see evidence of any tangible progress on this issue and has not been contacted by the Housing Policy Development Board to discuss any possible changes to Stamp Duty. The Panel is concerned that despite its recommendation, there is little likelihood of any changes to Jersey's complicated Stamp Duty system being brought forward.

Although the Panel's amendment to the Government Plan 2020-23 was unsuccessful, this issue remains. At a time of uncertain Government Revenue, in which unprecedented borrowing is taking place, actions must be taken to build further contingency into the Government's balance sheet in a fair manner.

This amendment increases Stamp Duty rates to the top end of the market, at a rate of 1% or 0.5%. The Panel would advocate that those purchasing properties at this value will likely be in a financially strong position and that increased Revenue can be used against the COVID-19 debt. There is also potential for a higher than predicted increase in revenue if the number of sales in this part of the market increase due to a greater number of high net worth families moving to the island as a result of the response to the pandemic in other jurisdictions.

Financial and manpower implications

We have been advised by the Treasury and Exchequer Department that this amendment will raise additional stamp duty/LTT of £335,000.

There are no manpower implications.