

3.4 Deputy T.M. Pitman of St. Helier of the Assistant Minister for Housing regarding the purchase by 1(1)(k) residents of properties in the Island as investments:

I will be very happy to accept a “Yes” answer. Given that 1(1)(k) residents can be accepted into the Island having negotiated individual tax deals, would the Minister agree to bring forward legislation to provide that, even after such residents have been registered for the obligatory 10-year period, they should be prevented from making multiple investments in (a) to (h) housing market and potentially impacting upon others seeking to get on to the housing ladder?

Deputy S. Power of St. Brelade (Assistant Minister for Housing - rapporteur):

I will respond to that question representing the Housing Department and the Housing Minister, having crossed the Rubicon from one side of Scrutiny to the Executive. In the short lodging period of the question, the Housing Department is unable to establish the impact of any 1(1)(k) or 1(1)(k)s for that matter, investing in multiple investments in the (a) to (h) housing market. However, the policy in respect of 1(1)(k) residents is consistently applied. All 1(1)(k) residents are approved on the same basis following background checks and an assessment of their financial position, and in particular subject to the Comptroller of Income Tax being satisfied that they meet the minimum income tax liability of £100,000 per year; 3 States departments are involved in that process: Economic Development, Treasury and the Housing Department. Once these residents have lived in Jersey for 12 years they are treated the same as any other locally qualified person. The Island does need a healthy rental market in (a) to (h) sector, and for a number of reasons the Deputy will understand, investment in the local housing market by residentially qualified people is to be encouraged, as it provides additional liquidity in the market and homes to rent by other locally qualified people. As such, at the current time there is little evidence to change Article 135(a) of the 2005 Income Tax law, the section that deals with this area.

3.4.1 Deputy T.M. Pitman:

Would the Minister not accept that it must have a negative impact on those ordinary working people trying to get on to the housing market?

Deputy S. Power:

The Population Office is prepared to review any evidence the Deputy may have. In that regard, he may or may not know that the previous Health, Social Security and Housing Panel under Deputy Breckon, now Senator Breckon, was reminded at one time to look at the Jersey rental market including the 1(1)(k) area, to see if it were possible to establish that in the end. But in the end it decided not to proceed because of pressure on officer time and the demands on the panel at that time caused by review of New Directions and the work recently completed at the end of last year into the long-term care of the elderly.

3.4.2 Deputy P.J. Rondel of St. John:

Would the Assistant Minister be able to inform the Members if, after 12 years, do the 1(1)(k)s pay local tax at the rate of 20 per cent or thereabouts, or do they stay on the £100,000 as he quoted them in paying tax?

Deputy S. Power:

After 12 years all 1(1)(k)s are treated as ordinary Jersey taxpayers for all Jersey-sourced income, including Schedule A. They are taxed at 20 per cent on all of it, and they get the same deductions and the same reliefs as any ordinary Jersey taxpayer against such income. They get no special deductions or reliefs against any Jersey income just because they are a (k). So, they have no advantage at all over any other Jersey resident as regards local income, whether rental or otherwise.

3.4.3 Deputy J.A. Martin of St. Helier:

The question is investment in the housing market. Could the Assistant Minister confirm there is nothing under Jersey housing laws stopping anyone investing in the Jersey housing market either on Island or off Island? The law is stopping them from preventing living in said property. I really think this needs to be cleared up.

Deputy S. Power:

I think the market in Jersey is that anyone can buy into the Jersey residential market irrespective of their residential status, and we have plenty of evidence of that. The question that Deputy Pitman asked was relating specifically to 1(1)(k)s, and that is what I answered.

3.4.4 Deputy G.P. Southern:

Given the Assistant Minister's crossing of the Rubicon that he drew attention to, and given his previous expressed interest in the area of multiple purchases for rental, i.e. buy to rent in the market, and its impact upon the purchaser market, will he undertake to do the investigation into any such impact and the size of that impact that his previous panel could not do for lack of officer time? Will he now do so as Assistant Minister?

Deputy S. Power:

I have to point out to the Deputy that I am the Assistant Minister and not the Minister, and I am unable to commit the Minister or the department at this time to an investigation in that area, but I promise to bring it up within the department as soon as it is practical.

3.4.5 Deputy P.V.F. Le Claire:

Is there any possibility that the Assistant Minister can investigate whether people that are given 1(1)(k) resident status can also, as soon as they have been given that, extend purchasing rights to their siblings and family members that may have an impact upon the local market?

Deputy S. Power:

I cannot answer that question, but I am prepared to come back to the Deputy with the information from the department and the Population Office.

3.4.6 Senator B.E. Shenton:

Given that the Minister for Housing is away at the moment and the Assistant Minister has been able to answer a number of the questions or has the power to make any commitments, could I just ask who the designated Minister for Housing is at the present time, and whether he should have in fact been answering the questions?

Deputy S. Power:

I can answer that. The designated Minister who has replaced Senator Le Main is Senator Ozouf, but I had a number of discussions with Senator Ozouf and he delegated the responsibility to answer the questions to me.

Senator B.E. Shenton:

May I put it to the House that the House should have the opportunity to put questions to the designated Minister if the Minister is away if they wish to do so.

The Bailiff:

That is a matter for the Minister concerned.