STATES OF JERSEY

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025) :FOURTEENTH AMENDMENT (P.70/2025 AMD.(14)) – COMMENTS

Presented to the States on 4th December 2025
by the Council of Ministers

STATES GREFFE

COMMENTS

The Council of Ministers does not support this amendment and asks members to reject it.

Not only is Deputy Warr's amendment uncosted – failing to address any of the significant financial ramifications of his suggestions – but there is no detail to guide any meaningful consideration of what is proposed, let alone any explanation of how such measures would sit coherently with other policies on supporting homeownership.

Nearly 10 years ago, the States Assembly agreed to phase out mortgage interest tax relief (MITR). That decision was made following extensive research that showed that there was little economic justification for MITR. The Jersey Property Tax Review (R.101/2014) stated:

> "Mortgage interest tax relief ("MITR") acts as a public subsidy for home ownership. The relief currently costs the Jersey taxpayer approximately £12 - £14 million per year. No equivalent to MITR exists for those who cannot afford to buy, or who are not allowed to buy, and who are therefore required to rent their homes. In effect, this means that those on the lowest incomes and struggling the most to get on the housing ladder are subsidising the ownership of those who can afford to buy."[1]

The Council of Ministers agrees with Deputy Warr that homeownership as a long-term aspiration should be encouraged, and that the Government has a role in supporting this aim. During this term of office, the Council of Ministers has introduced the First Step scheme, investing £12m to support 66 new homeowners who otherwise wouldn't have been able to access the housing market.

The Government also continues to support Andium Homes in the delivery of their Homebuy scheme, which is enabling hundreds more Islanders to get on the housing ladder, across new homes in St Helier and family homes being delivered on rezoned housing sites across the island. Support is also being offered for existing homeowners to apply for discretion to purchase a first-time buyer property, helping to broaden affordable housing options for those who still need assistance to access a home that meets the needs of a growing family.

These measures demonstrate the Government's commitment to supporting homeownership, without the need for implementing unfunded and untargeted tax cuts that most benefit those on higher incomes.

The tax year 2025 is the last for which MITR is available; there will be no relief given for 2026. At the current level (capped at £1,500 of relief per eligible taxpayer) MITR reduces tax bills by a maximum of £390 and costs around £9m.

While Deputy Warr states in his report that there are 'a number of policy options available' regarding MITR, he chose not to include these options in his report. Nevertheless, amending the tax system – and the significant financial ramifications that would come with it – is not the basis for making the kind of changes that Deputy Warr suggests. It would be far better to focus our efforts on supporting home ownership.

[1] Microsoft Word - Current Draft_100714 Jersey Property Tax Review.docx

Members are asked to reject this amendment, and support the Government in continuing to provide targeted, funded support for aspiring homeowners.