STATES OF JERSEY

REMOVAL OF INTEREST TAX RELIEF FOR BUY-TO-LET MORTGAGES (P.51/2026): COMMENTS

Presented to the States on 20th March 2026
by the Minister for Housing

STATES GREFFE

COMMENTS

I fully support the Proposition to remove interest tax relief on buy-to-let mortgages, and I commend Deputy C.D. Curtis for bringing forward a proposal that I believe continues to attract support amongst Members of the Assembly.

Although my position differs from that of the wider Council of Ministers, I have consistently made clear my view that allowing buy-to-let investors to deduct interest payments on their mortgages from their rental income is unfair.

It is an inequity that families have lost this exemption through the phased abolition of Mortgage Interest Relief (MITR) for owner-occupiers, whilst those who already own their homes and acquire additional properties for profit can still access this tax benefit.

I brought an Amendment in 2023 to the proposed *Government Plan 2024-2027* that specifically sought to correct this imbalance within the tax system[1].

At present, our Income Tax system creates a clear disparity between ordinary home buyers and property investors. A person buying a home to live in, including many first-time buyers, receives less favourable tax treatment than someone acquiring an additional property as an income-generating asset.

Mortgage interest is not a necessary business cost that improves the quality of housing or the service provided to tenants. It is simply the cost of acquiring a valuable asset, one that will often appreciate over time even without any additional investment. I question whether taxpayers should continue to subsidise what is, ultimately, a private financing decision that contributes to long-term wealth accumulation for a relatively small group of individuals.

Furthermore, it must be noted that the Minister for Treasury's consultation response largely reflects the view of those with a direct financial interest in maintaining MITR. It is hardly surprising, therefore, that the outcome was wholly in favour of maintaining this financial benefit. Any decision must, however, balance these views with wider policy considerations, including fairness for owner-occupiers and the broader community interest.

The latest Jersey House Price Index, incorporating data from the rental licensing scheme, also shows that over 95% of private landlords in Jersey own no more than five rental properties, representing around 70% of the rental market. Meanwhile, just 0.6% of landlords own 20 or more[2]. This suggests that MITR will be largely supporting personal borrowing choices rather than delivering wider public value.

Maintaining this special tax advantage for rental property is, therefore, increasingly difficult to justify. Removing MITR for buy-to-let landlords would help to restore greater fairness by ensuring investors are not placed in a stronger position than aspiring home owners, particularly at a time when access to housing is one of the most pressing challenges facing our Island and its young people.

[1] Proposed Government Plan 2024-2027 (P.72/2023): Twenty-Second Amendment: https://statesassembly.je/getmedia/b3358fe4-77bf-4215-abd8-710c174c4e39/P.72-2023-Amd.(22).pdf
[2] Jersey House Price Index Fourth Quarter 2025: https://stats.je/wp-content/uploads/2026/02/R-House-Price-Index-Q4-2025-K54-SJ20260212.pdf

As the Deputy highlights, there is also a broader question about whether this relief still represents good value for money, or whether its perceived benefits are now limited or outdated. The relief costs around £2 million per year, and I believe those funds could be better used elsewhere if the relief is no longer delivering a clear policy objective.

It is also important to recognise that the majority of landlords would not be affected by this change. Around 80% of rental properties in Jersey do not have a mortgage attached to them, meaning only about 20% of landlords currently benefit from MITR[3]. As a result, the impact of removing it would be limited in scope, and the idea that rents would automatically rise across the board does not reflect the reality of the market.

My hope is that this Proposition will continue to help rebalance the buy-to-let market, bringing greater fairness between home owners and investors, ending subsidies for personal borrowing choices, and supporting a more sustainable housing market for both those who rent and those aspire to buy their own home.

[3] Consultation: Interest deductions for residential Jersey property: https://www.gov.je/SiteCollectionDocuments/Tax%20and%20your%20money/Consultation%20on%20interest%20relief.pdf