STATES OF JERSEY

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): FIFTEENTH AMENDMENT (P.70/2025 AMD.(15)) – COMMENTS

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

STATES GREFFE

COMMENTS

The Council of Ministers asks members to reject this amendment.

The higher rate of stamp duty for the purchase of second properties was introduced in 2023, following a successful amendment to Government Plan 2022-2025 by the Corporate Services Scrutiny Panel. Its aims were to rebalance the demand for second homes and buy-to-let properties which had contributed to the sharp rise in house prices. It imposed a 3-percentage point (pp) uplift on purchases of buy-to-lets and second homes. Jersey's housing market has since rebalanced; prices are stabilising, and transactions have fallen. In the Budget 2026-2029, the Council of Ministers is proposing a temporary reduction from 3pp to 2pp for 2026.

Although Deputy Warr's report refers to 'abolishing the surcharge' the amendment, if successful, would in fact implement a one-year holiday. The 3pp higher rate would return for 2027 and future years.

Jersey's housing market is continuing to recover, with more transactions taking place during Q3 2025 than at any point since 2022. Prices also continue to stabilise following years of unsustainable growth. While these indicate a recovering market, Ministers are not complacent. Economic growth and housing market performance are linked; neither a sluggish market nor an over-heating market is good for the economy.

Ministers similarly want to see further recovery in the housing market. However, the proposed tax cut from 3pp to 0pp may risk overstimulating the market at a crucial time when interest rates are falling. For example, if adopted, the amendment would reduce the stamp duty payable on a median two-bed flat by 65% at the same time that borrowing costs are falling. It is possible that it will create a rush on investment properties, which are typically one- or two-bedroom flats, directly increasing competition with first-time buyers. This rush will however only be temporary given the nature of a holiday and will not address longer-term confidence in the housing market.

It is important to highlight that, notwithstanding the stamp duty surcharge, there are other factors currently influencing decisions to invest in the housing market. This is principally due to the higher Bank of England base-rate, which has influenced higher mortgage costs whilst other investments are offering more favourable terms. The Fiscal Policy Panel highlighted that it is "difficult to disentangle the impact of this stamp duty uplift relative to the large increase in interest rates in 2023". [1] Therefore, enhanced housing availability through increased investment in rental properties suggested by the Deputy would not necessarily come to fruition.

The amendment states that it would reduce revenue by £1.3 million. Given that it is presented as an unfunded measure, its adoption would leave the Consolidated Fund in negative balance in 2027. Ministers strongly believe that the States Assembly should agree a Budget that lives within our means. Whilst there will be arguments about what this means in terms of the balance of spend and income, planning to have a negative Consolidated Fund is clearly not living within our means.

[1] Jersey's Fiscal Policy Panel – Housing Market Review – April 2024

Ministers believe a one percentage-point reduction in the higher rate of stamp duty for 2026 is a more prudent and balanced approach, which aims to sustainably stimulate further market recovery whilst avoiding overheating the market.