19.3 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity of the Minister for Treasury and Resources regarding charging a separate stamp duty on residential mortgages from the stamp duty charged on property purchases. (OQ.56/2026)

Will the Minister explain the rationale for charging a separate stamp duty on residential mortgages from the stamp duty charged on property purchases and will he commit to a review of stamp duty on residential mortgage transactions in order to determine whether it could be reduced or removed?

Senator A.J.H.M. Maclean (The Minister for Treasury and Resources):

Stamp duty is a tax on a wide range of documents that are registered in the Royal Court. Under the current system, I should make it clear that no stamp duty is payable on residential mortgages for properties valued below £600,000. Historically, documents registered in the Royal Court have attracted stamp duty, including mortgage deeds, seemingly for revenue-raising purposes. That has been the position in Jersey for many years. Whether that historical justification in relation to residential mortgages is appropriate today is, in my view, a legitimate question. Accordingly, I have asked officers to review the continued case for this charge as part of the work towards Budget 2027, which will be lodged at the end of September. I should add that the duty currently raises around £2.5 million to £3 million a year and if it were reduced or indeed removed, that loss of revenue would need to be offset elsewhere to support the need for balanced budgets.

19.3.1 Deputy H.L. Jeune:

I thank the Minister for his answer and especially to look at a review. Maybe to follow on from his answer, has the Minister for Treasury and Resources or the Treasury ever assessed whether this duty discourages right-sizing, older Islanders down-sizing or growing families moving to larger homes, given that the refinancing concession does not apply to new purchasing, as the Minister for Treasury and Resources said, but also given the *Future Housing Needs* report finds that Jersey's core housing mismatch is now about the wrong size of homes sitting with the wrong households?

Senator A.J.H.M. Maclean:

The Deputy asks a very valid question. I can say, as far as I am aware, that Treasury has never looked at that particular issue, although the discussion has now been had. I can give an undertaking to the Deputy to have that as part of the consideration. It is not a straightforward issue but we believe it is something that certainly needs looking at to make certain that appropriate properties are released, if indeed there is a desire to do so. It is not that straightforward, unfortunately.

19.3.2 Deputy T.A. Coles of St. Helier South:

I know that the Senator was not in the last Assembly but in the last Budget it was approved by this Assembly and the current Chief Minister to look at a right-sizing policy, which included a stamp duty holiday. Is this going to be looked at for this Budget?

Senator A.J.H.M. Maclean:

As far as I am aware, a full suite of issues are going to be looked at as far as the Budget is concerned. Again, it will come down to affordability of course, which is a major aspect that we need to consider and the need to balance budgets. I will take that point away that the Deputy raises and give it due consideration.

19.3.3 Deputy T.A. Coles:

Will the Minister concede though that at least, when you have a property transaction, if one person does not pay stamp duty the purchaser still will be paying the stamp duty and therefore revenue will still be raised?

Senator A.J.H.M. Maclean:

Indeed, revenue will be raised and it is a question of balancing that revenue to make sure that it is fiscally neutral.

19.3.4 Deputy M. Tadier of St. Brelade:

Is the Minister for Treasury and Resources aware of any other jurisdiction which charges stamp duty when people borrow money?

Senator A.J.H.M. Maclean:

Less and less it seems; there are, though, cases. I am not sure I should mention the United States but there are various states over there that charge. I believe that India and Nigeria do as well. There are a few, but a diminishing number, and that is why I have given an undertaking to look at this matter. I am not sure in a modern tax system it is necessarily appropriate. Again, I repeat the point that whatever changes we put in place need to be handled carefully and with a focus on being fiscally neutral.

19.3.5 Deputy M. Tadier:

I know that the Minister might be more of a pragmatist than a philosopher, but if I could ask a philosophical question about the basis for stamp duty *per se*. Would he consider going back to the very root of why stamp duty is charged at all, whether it is on borrowing or on properties, given the fact that it is charged on the buyer not on the seller and that it is making properties less affordable for people right across the board, especially when they need to borrow money, to see if a fairer tax could be introduced that does not discourage home ownership but that targets people who have the capital or the wealth to pay such taxes?

Senator A.J.H.M. Maclean:

There are quite a number of jurisdictions who have looked at stamp duty and many economists who have an opinion that it is not a good tax; I think that is fair to say. In Jersey terms, it raises in the region of £60 million to £65 million a year; most of these other jurisdictions also raise significant amounts of money, so that revenue needs to be replaced. Finding an alternative that works is not, again, that straightforward. I think that is at the heart of the issue.

19.3.6 Deputy H.L. Jeune:

I may not formulate this in the best way but the answers that we are hearing from the Minister for Treasury and Resources are mainly around fiscal neutrality and the issue of needing to raise revenue. At the same time we have heard from the Minister when he was in the elections to be Senator, and other Senators who are now in the Council of Ministers, recognising that housing is of real concern in Jersey and that we need to ensure that we can have that flow of the housing market and be able to ensure that Islanders have the right-size housing when they need it. How will he work with other Ministers and also his Treasury colleagues to ensure looking beyond that fiscal neutrality or that revenue raising only and looking at the wider more long-term picture where then it really is the need for housing overriding potentially the need for revenue for one particular year?

Senator A.J.H.M. Maclean:

I think the point is about neutrality; it does not mean that we cannot direct funds to the priority areas where they are absolutely needed. Working with colleagues, I am very keen and focused, as the Deputy, and I am sure Members in this Assembly are, of ensuring we have the right available property at appropriate prices. I think the appointment of the good Senator in front of me and his desire as the Minister for Planning and Regulation to open up the system and ensure that we get properties built, and built quickly, will help supplies; an important issue without question. I think a joined-up approach to make sure that all Ministers are focused on the need to get property on to the market and at the right price. I do not think any of the points that I have made, and particularly around stamp duty, are going to be a barrier to property purchasers. As I have said, we have on the stamp duty mortgage issue an exemption level up to £600,000. In fact, what I did not mention there is also a taper which goes up to £700,000, so that is before it kicks in at all, but we are reviewing that. Stamp duty itself has exemptions, maybe we need to look at being slightly more generous with those, if we possibly can, for first-time buyers. That is another area that could get a little bit of attention perhaps. A package of measures, I think, to support the local market is important.