

• (LAND TRANSACTIONS) (JERSEY) LAW 2009 THE INTRODUCTION OF A TAX ON SHARE TRANSFER PROPERTY TRANSACTIONS

On 1st January 2010 the (Land Transactions) (Jersey) Law 2009 (LTT) will come into force which means that an equivalent of stamp duty will apply to the purchase of property by way of share transfer in the form of a tax.

At present anyone who buys a freehold or flying freehold property or registers a mortgage thereon must pay stamp duty on their purchase and registered loan. This is calculated according to the value of the property purchased and the amount of the loan. Until now share transfer purchases were exempt from this as the purchase is of shares in a property holding company rather than of land. The introduction of the LTT evens things up and applies to transactions involving:

- The transfer of a share or shares which carries the right of occupation of land,
- The declaration that such a share is held on trust for another or any amendment to such declaration;
- The creation of a security interest over such a share or shares (this being the way in which a mortgage on a share transfer property is secured).

The transferee is liable to file a statement detailing the terms of the transfer with the Comptroller of Income Tax along with the tax due within 28 days of the transfer. A receipt is then issued which will enable the Secretary of the property holding company to register the transfer or transaction. It will be an offence under the Companies (Jersey) Law 1991 for any person to transfer such a share without the LTT receipt and a 10% surcharge will be levied on late payments.

The amount payable is the same as the stamp duty on freehold/flying freehold property. However, there are certain concessions, for example, where the transfer relates to the transfer of shares relating to a matrimonial home, upon divorce from joint names to one of the owners solely or vice versa, or where the transferee is a charity or the beneficiary under a Will or intestacy First Time Buyers will also benefit from the same discounts available to freehold purchasers.

The above is intended as a brief summary of the operation of the LTT.

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**FOR MORE INFORMATION,
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