Stamp Duty and Land Transaction Tax group relief guidance

With effect from 1 January 2025

1 Introduction

The government recognises groups of companies may not necessarily hold their Jersey land interests in a commercially optimal fashion. They can find themselves in this position for a variety of historic reasons. For example, the group may have identified land that the group would benefit from owning but, for whatever reason, the seller would only sell the shares of the land-owning company rather than the land itself. The group then ends up with a company it does not necessarily want to maintain.

One of the main reasons groups have not reorganised their Jersey land affairs as they would like is because such a reorganisation would attract stamp duty or LTT charges. Finance (2025 Budget) (Jersey) Law 202- has addressed this barrier by introducing a new relief, commonly referred to as 'group relief', into Stamp Duties and Fees (Jersey) Law 1998 ("SD Law") and Taxation (Land Transactions) (Jersey) Law 2009 ("LTT Law").

The group relief provisions apply to transactions liable to stamp duty or LTT on or after 1 January 2025.

2 Effect of the group relief provisions

Provided the companies party to the transaction meet the eligibility criteria (see below), transfers of Jersey land between companies in the same group will be charged to stamp duty or LTT at a fixed amount (currently £180) rather than a rate based on the value of the transaction.

3 Eligibility for group relief

For a land transaction to be eligible for group relief under the SD Law and the LTT Law two gateway tests must be met:

1. The entities transferring land between each other must be companies; and

2. The transferor and transferee companies must be members of a 'group' as defined by the two laws. The test essentially revolves around companies being under common control, or the one party controlling the other.

3.1 Eligible companies

3.1.1 Jersey incorporated

An entity incorporated in Jersey under the Companies (Jersey) Law 1991 or the Loi (1861) sur les Sociétiés à Responsabilité Limitée is a 'company' for the purposes of stamp duty and LTT group relief provisions.

No other legal entity formed under Jersey law will be eligible to claim group relief. This means, for example, body corporates formed under (inter alia) Limited Liability Partnerships (Jersey) Law 2017, Incorporated Limited Partnerships (Jersey) Law 2011 or Limited Liabilities Companies (Jersey) Law 2018 will not be eligible for group relief.

3.1.2 Overseas incorporated

Where the entity is incorporated in an overseas jurisdiction, you will need to determine whether that entity has the hallmarks of a company as defined by Jersey company law. This is a complex area of law but, as a minimum, we would expect the following features to be present for an overseas entity to qualify as a 'company':

- Separate legal personality from its members.
- Memorandum of Association/Notice of Incorporation or similar – a document, or documents, outlining what type of business the entity is going to conduct, the type of entity it is registering as, identifying its members/shareholders and its registered office.
- Articles of Association/Memorandum of Incorporation or similar – the binding agreement which sets out the relationship between the members, and the members and the entity.
- Shares or similar instruments are issued to members.
- Members are entitled to profits and gains of the entity in proportion to their member/ share interest.
- Ability of members to transfer their interest in the entity in the form of stocks or shares (any restrictions in this regard should be set out in the Articles of Association howsoever called).
- Be subject to some form oversight or regulation (like a companies' registrar) under the domestic legislation in which the entity was formed.
- An obligation to submit annual returns.

If you are unsure if an overseas entity is eligible for group relief, please seek a ruling by following the procedure explained at Policy on tax rulings (gov.je).

We will accept companies incorporated under Companies (Guernsey) Law 2008, Companies Act 2006 (UK) and BVI Business Companies Act as being 'companies' for the purposes of the group relief provisions in SD Law and LTT Law. There is no need to request a ruling in these circumstances.

3.2 Meaning of 'group'

(Article 1 of the SD Law and Article 9A of the LTT Law)

3.2.1 Control

The 'group' test essentially requires one or more companies to be under the common control of one parent company. If that relationship exists, stamp duty and LTT group relief will apply to Jersey land transactions between those companies.

For a stamp duty/LTT group to exist, the laws require a 'holding company' to have direct or indirect control over one or more subsidiaries. Control for these purposes has two characteristics, both of which must be present:

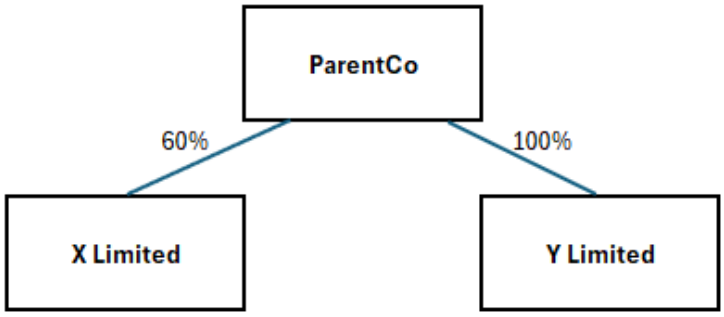
- The holding company must have direct or indirect control over 75% or more of the shares of the subsidiary in terms of absolute number of issued shares and/or voting rights. Example 2 at section 3.2.2 below explains how the indirect control rules apply in the case of multi-tier corporate groups.

- The holding company must have the right, directly or indirectly, to 75% or more of the profits and gains of the subsidiary.

The laws define a 'holding company' as a company that is not controlled by another company. This definition is not expected to cause an issue for most corporate groups that will take advantage of stamp duty/LTT group relief. Example 3 at section 3.2.2 below explains how the definition of holding company may impact groups that include subsidiaries with 'minority' shareholders, and what they should do if they believe the law prevents them from claiming group relief in respect of a legitimate commercial reorganisation involving land interests.

3.2.2 Examples of 'control'

Example 1:

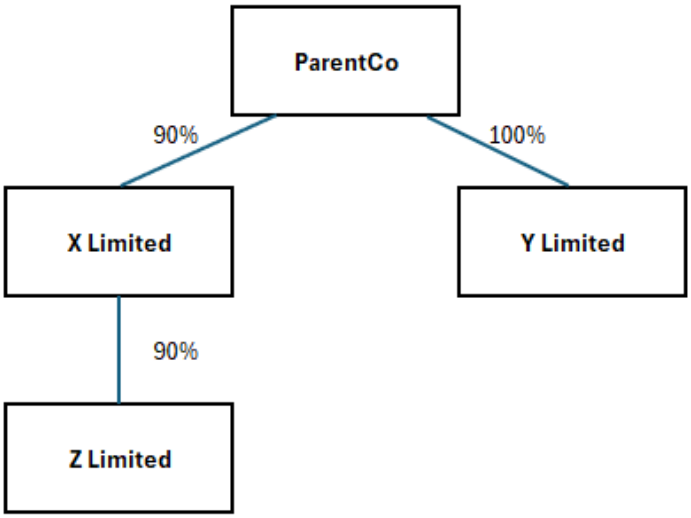


ParentCo and Y Limited comprise a group for stamp duty and LTT group relief purposes. These two companies can therefore transfer Jersey land between themselves and only suffer a stamp duty or LTT charge of £180 per transaction.

ParentCo and X Limited cannot claim stamp duty and LTT group relief for transfers of Jersey land between each other because ParentCo has less than 75% control over the shares and profits of X Limited.

Similarly, X Limited and Y Limited cannot claim stamp duty and LTT group relief for transfers of Jersey land between each other because ParentCo has less than 75% control over the shares and profits of X Limited.

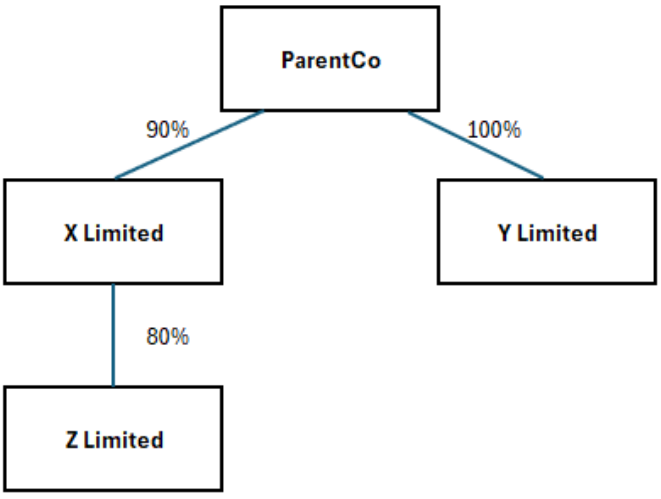
Example 2:



ParentCo, X Limited, Y Limited and Z Limited comprise a group for stamp duty and LTT group relief purposes because the 75% control threshold test is met. ParentCo has 90% 'direct' control over the shares and profits of X Limited and 81% (90% x 90%) 'indirect' control of the shares and profits of Z Limited.

All the companies can therefore transfer Jersey land between themselves and only suffer a stamp duty or LTT charge of (currently) £180 per transaction.

Example 3:



ParentCo, X Limited and Y Limited comprise a group for stamp duty and LTT group relief purposes because the 75% control threshold test is met. These three companies can therefore transfer Jersey land between themselves and only suffer a stamp duty or LTT charge of (currently) £180 per transaction.

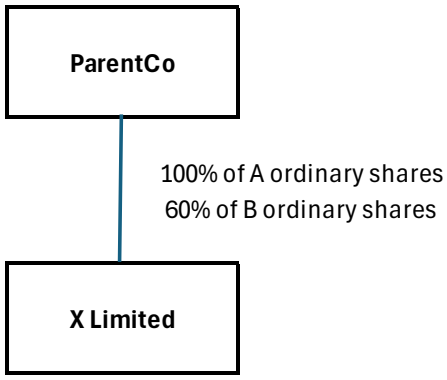
Whilst X Limited owns more than 75% of Z Limited, X Limited cannot be a holding company because it is controlled by another company, ParentCo. ParentCo only has indirect control over 72% (90% x 80%) of the shares and profits of Z Limited. Consequently, Jersey land transactions involving Z Limited will not be eligible for stamp duty or LTT group relief, including land transactions between X Limited and Z Limited.

The definition of a group has been drafted this way to prevent X Limited being able to act as a 'common link' between two separate stamp duty/LTT groups. For example, suppose ParentCo holds Jersey land and wants to transfer that land to Z Limited. ParentCo has less than a 75% indirect controlling interest in Z Limited so land transfers between those two companies should not benefit from group relief. However, without the definition of "holding company" as described in Article 1 of the SD Law and Article 9A(2) of the LTT Law, the desired land transaction could be achieved at a fixed tax cost by transferring the land first from ParentCo to X Limited and then from X Limited to Z Limited. This outcome goes beyond the intended scope of the group relief provisions.

Revenue Jersey acknowledges there might be occasions where Jersey land is only intended to transfer between X Limited and Z Limited, and not move on to another group company. In these instances, on provision of relevant facts to the Greffier (stamp duty) or Comptroller of Revenue (LTT) together with an explanation of the commercial rationale for the proposed land transfer, the Greffier/Comptroller may use their power under Article 6 of the SD Law/Article 8 of the LTT Law (respectively) to reduce the stamp duty/LTT payable to an amount equal to the fixed charge that would apply if group relief was available.

The Greffier/Comptroller may attach conditions to any such reduction of stamp duty/LTT payable, which could include, for example, the transferee company being required to hold the land asset for a specified period of time, say, three years. If these conditions are not met, they will use Article 10(1A) of the SD Law/Article 11 of the LTT Law to charge stamp duty/LTT on the land transaction in question as if group relief was not available.

Example 4:



X Limited issued share capital:
A ordinary shares - entitled to vote
B ordinary shares - entitled to profits

In this example, the share capital of X Limited comprises two different classes of shares. ParentCo holds all of the shares with a right to vote at shareholder meetings but holds less than 75% of the shares that are entitled to the profits of X Limited. Therefore, ParentCo and X Limited do not form a group for stamp duty and LTT purposes and transfers of Jersey land between the two companies will not enjoy group relief.

4 Related considerations

4.1 Avoidance related matters

The group relief provisions are a significant relaxation of rules that have existed for many years and can result in a significant reduction in stamp duty or LTT otherwise payable. The Comptroller is also cognisant of the fact that transferring property assets between group companies can provide tax planning opportunities. For the avoidance of doubt, the Greffier/Comptroller is not concerned with intra-group land transactions that have a legitimate commercial purpose, even if, say, an income tax advantage accrues as a by-product of that land transaction.

However, the Greffier and/or Comptroller may challenge transactions that they consider provide an advantage that is not contemplated by SD Law, LTT Law and/or Income Tax (Jersey) Law 1961 ("Income Tax Law"). Examples of such instances include (illustrative, not exhaustive):

- The issuance of different classes of shares with rights attaching that try to work around definition of 'control' provided in Article 1 of the SD Law or Article 9A(2) of the LTT Law.

- An intra-group transfer of a land asset to a new company ('newco') where, as a consequence of an increase in the value of that land asset, there is an uplift in the amount of (interest bearing) debt in newco compared to the debt that existed in the transferor company. In these circumstances, Article 134A of the Income Tax (Jersey) Law 1961 (general anti-avoidance rule) is likely to apply to any additional financing that represents more than a refinancing of existing debt on the grounds interest relief generally only applies to refinanced debt and transferring the land asset to newco is simply an attempt to increase the deductible debt capacity of that asset that would not be available if the asset remained in its existing company. If newco considers Article 134A should not apply to the reorganisation, they should seek a specific ruling.

- Instances where the stamp duty/LTT group relief provisions are used primarily to generate a realised capital gain in a company, which is then distributed 'tax free' to Jersey resident shareholders.

Companies are also reminded that Article 90AE(2A) of the Income Tax Law always applies to transactions involving loans and that the commercial test should be applied to conditions attaching as at the date of the transaction.

4.2 Concession I6

Concession I6 was introduced in 2009. The concession allows a land-owning company ("SPV") to offset against its rental business profits any interest payable by the owner of that SPV ("Owner") in respect of a loan taken out by the Owner to acquire the shares of the SPV.

In 2022, concession I6 was grandfathered for SPV-related property transactions that had completed by 31 December 2021. Concession I6 is not available for SPV-related property transactions taking place after 31 December 2021. The grandfathering provisions were originally given a long-stop date of 31 December 2025 but this has been extended to 31 December 2026 to give businesses affected additional time to reorganise their affairs.

Groups currently enjoying this grandfathered concession can now take advantage of the new stamp duty/LTT group relief provisions to reorganise their affairs ahead of the withdrawal of concession I6 so that the land asset and associated (qualifying) debt sit in the same company. It is anticipated the land asset will either transfer to the Owner or a group newco will be created to acquire the land.

Interest relief will be available to the Owner or newco provided the associated debt in owner or newco meets the commercial test of Article 90AE(2A) of the Income Tax Law as at the time of that transfer and the general anti-avoidance rule does not apply.