

Leasing Property in Jersey and Guernsey

GUIDE

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Whilst property law in Jersey and Guernsey has shared roots in Norman customary law, the laws and systems in each Island have developed separately.

There are many similarities but, as we show in this briefing there are differences of which anyone leasing property in both islands should be aware.

Term of the Lease

In Jersey, the length of the lease is important because it affects the way in which it is documented. Leases for a term of more than nine years are known as 'Contract leases' and those for a term of nine years or less are commonly known as 'Paper leases' (although they do not necessarily have to be written down and can be made orally).

Whilst Contract leases must be passed before the Royal Court in Jersey and are registered in the Public Registry, thereby becoming public documents, Paper leases are private agreements.

A Contract lease attracts stamp duty, which is calculated on the basis of the annual rental and the term of the lease. Paper leases, meanwhile, do not incur a stamp duty charge.

In Guernsey, there is no such distinction.

Leases may be registered at the Greffe, which is Guernsey's principal registry, but there is no compulsory registration of a lease in Guernsey and registration is not needed to bind a buyer of the freehold.

If a lease is registered in Guernsey, it will become a public document, but will not attract stamp duty.

Inheritance

In Jersey, Contract leases are treated as a part of the tenant's real estate, whereas Paper leases are treated as part of the personal estate. This is important, as the rules of inheritance are different for each type of lease.

The situation in Guernsey, meanwhile, is different, as all leases are treated as 'personalty'.

Cancellation

Most leases, in both islands, will run for their entire course and end on an agreed termination date. However, in some cases, one or all of the parties may wish to terminate the lease before the end of the term. For example, a landlord may seek to cancel (this only applies in Jersey) or forfeit the lease for breach of covenant, non-payment of rent or insolvency of the tenant. Here, again, there are subtle but significant differences between the law in Jersey and Guernsey.

Unlike in Guernsey, where a lease does not need to be cancelled should it be forfeited, formalities are required in Jersey, for a Contract leases to be cancelled. If the parties agree, then they can pass a contract before the Royal Court to cancel the lease; if they do not agree, then the party seeking cancellation of the lease must apply to the Court for cancellation and this is at the Court's discretion.

Security

Since 1996, Contract leases in Jersey can be used as security for a lender, but only if the terms of the lease permit this or the landlord's consent is given.

In Guernsey, leases (which are personalty) cannot be used as security for a lender and there are no known proposals for change to this stance in the near future.

The Process

In both islands, contracts to be passed before the Court used to have to be written in French. In Guernsey this changed at the end of 1969 and in Jersey this changed in 2005.

In Jersey, Contract leases are passed before the Royal Court which sits for property transactions only on a Friday afternoon.

In Guernsey, leases can be registered only on a Tuesday by application to the Royal Court.

Summary

Whilst these differences are subtle in places, those leasing property in either island should ensure that they understand them so as to avoid any issues or difficulties in the future.

Contacts

A full list of contacts can be found [here](#).