

# STATES OF JERSEY

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## **GOODS AND SERVICES TAX: EXEMPT OR ZERO-RATED ITEMS (P.86/2006) – SECOND AMENDMENT**

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Lodged au Greffe on 13th September 2006  
by Senator S. Syvret

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**STATES GREFFE**

GOODS AND SERVICES TAX: EXEMPT OR ZERO-RATED ITEMS (P.86/2006) – SECOND  
AMENDMENT

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*After paragraph (g) insert the following new paragraph –*

“(h) domestic energy and fuel.”.

SENATOR S. SYVRET

## **REPORT**

Deputy Alan Breckon had proposed an amendment to P.86/2006 to the effect that all use of energy and fuel be exempt or zero-rated within the forthcoming GST regime. My concern with that amendment was that it would have exempted *all* uses of energy and fuel. I could not agree with that amendment as worded as its effect would have been far too wide in my opinion. I do not believe that commercial energy should be exempted or transport energy. Were such uses of energy exempted, the lost GST revenue would be substantially increased. Such an exemption would also be counter to the need to encourage the more efficient use of energy. However, in discussions with Deputy Breckon he agreed that the intention of his amendment was to protect households from the possibly significant effects of GST on domestic energy use, for example for heating and cooking. It is certainly true that many households already find the costs of energy use to be a significant burden with the present costs of oil and gas. We need to be careful that we do not drive pensioners and low-income families to live in cold homes because they cannot afford the GST on their energy bills. For the avoidance of doubt, by 'domestic energy and fuel' I mean energy that is used in private households. This will apply to all purchased energy sources, such as electricity, gas, oil, coal etc.

I had originally intended to seek to amend Deputy Breckon's proposal, to add the word 'domestic'. Unfortunately, Deputy Breckon will be out of the Island on States business on 24th October when the debated is scheduled. However, he has agreed to withdraw his amendment on the understanding I would lodge this amendment instead.

### **Financial and manpower statement**

Domestic energy would be one of the easier items to zero-rate or exempt. If the principle of exempting is accepted, this item could be administered easily, so associated costs could be slight. If agreed, there would clearly be a loss of GST income. This would have to be recovered in other ways, for example raising the basic rate on non-exempt items. It is preferable to have a higher rate on non-essential purchases than a consumption tax on the unavoidable purchases of essential goods and services.