

GST Personal Importation Review: Phase 1

Corporate Services Scrutiny
Panel

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1. Lead Member's Foreword

Early in 2021, the Minister for Treasury and Resources advised the Corporate Services Scrutiny Panel (CSSP) that Revenue Jersey would be embarking on a review of taxation on the importation of parcels by private individuals following changes that had been approved in the UK.

The Chair of CSSP in late April this year asked me to chair a sub panel to initially look at the Revenue Jersey review and its conclusions and then scrutinise any potential changes to the Goods and Services Tax (GST) that might be brought forward by the Minister as a result of the review. I was pleased that Deputy Steve Ahier of St. Helier and the Connétable of St. John, Andy Jehan agreed to be members of the Sub-Panel as they both had experience that would be crucial to the review, the Connétable of St. John with his background in logistics.

There is no doubt that GST has been an emotive issue with islanders from its introduction in 2007 at a basic rate of 3% with very few exemptions. There was a great deal of argument and heated debate when it was increased to 5% in 2011 but it has remained a tax that has been kept relatively simple in its nature. However, since its inception it was first agreed that GST would not be payable on goods imported into Jersey for personal use if they were under the value of £400, with this limit being known as the *de minimis*¹. This *de minimis* was lowered to £240 on 1st June 2011², and again on the 1st October 2020³ to £135 by the Treasury Minister, Deputy Susie Pinel (as the island was recovering for the effects of the pandemic) because, and I quote,

“As we are opening up the local economy, bringing down the de minimis level will enable on-island businesses to compete on a more level playing field with off-island retailers”⁴

This first phase of the Sub-Panels work has focused on the Revenue Jersey report which considered whether online retailers should charge GST on personal goods imported into Jersey and whether further changes should be made to the *de-minimis* level. As it turned out, the review put forward clear proposals as to the direction that the Minister would take in the latest Government Plan in that the Minister was clear that a reduction in the *de-minimis* should be introduced on the 1st January 2023 from £135 to £60. This was on the basis that the Minister wanted to be a fast follower of the direction set by the UK and that she also wanted to further ‘level’ the playing field for local retailers.

The Panel took evidence from a number of local organisations and individuals both before the announcement that the *de minimis* was going to be lowered rather than abolished and after the intention to lower the £60 *de-minimis* was made public and has based its recommendations on the views that were presented both from the public and private sector. As a ‘fast follower’ of the UK and other jurisdictions some question why the *de minimis* was not removed completely to mirror the UK’s decision, but others have commented that failure to completely remove the *de minimis* is not applying the true level playing field that the Minister has stated is her aim.

¹ [GST Glossary – Government of Jersey Website](#)

² [Retail Policy \(S.R.6/2014\): Response of the Minister for Economic Development - p.7](#)

³ [Relief from GST for imported goods: GST direction 2020/04](#)

⁴ [News Release - Treasury Minister announces timetable for two tax changes, 23 June 2020](#)

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Whatever your view, and they have been wide and varied, the Sub-Panel has considered all the evidence it has received and looked closely at the consequences that any change to the de minimis might have both on the public in general but also the organisations, both public and private that are going to be directly affected by any change such as the logistics businesses.

One of the issues that is of most concern to the Sub-Panel is the effect that a reduction of the de minimis could have on lower income households in Jersey that rely on internet shopping to get the best possible deals for some of their household goods. It has highlighted again the lack of reliable data that Government hold, data that should be the basis for any tax decision that could affect the public disproportionately. The lack of reliable data must also bring into question both the ability to fully understand the financial benefit to Government of a move to a lower de minimis and the potential consequences to States bodies, such as Jersey Post and Jersey Customs, of detaining larger numbers of parcels through a lower de-minimis.

What should be at the forefront of thinking going into this year's Government Plan debate is the effect that any changes to GST Personal Importation will have on the general public and how the States Assembly can limit any effect on those less fortunate in the island. I am hoping that this report will at least inform States Members of both the issues and risks associated with changing the de-minimis level along with the potential benefit to Treasury of higher GST income.



Senator Steve Pallett, Lead Member for Review

2. Executive Summary

The Corporate Services Scrutiny Panel's GST Personal Importation Review Sub-Panel (the Panel), and its subsequent review, was established to scrutinise the Government of Jersey's review of potential changes to the GST de minimis and scope for future changes to the GST de minimis, as outlined in the Revenue Jersey report [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals](#).

The Panel's report outlines Revenue Jersey's review into potential changes to GST in respect of unaccompanied goods for personal use and considers whether the proposed changes are fair and equitable against the Government of Jersey's strategic priorities.

The report further considers the proposed changes to the GST de minimis and the resources provided to Revenue Jersey and Justice and Home Affairs within the [Government Plan 2022-2025](#) and the [Draft Finance \(2022\) \(Budget\) \(Jersey\) Law](#) to facilitate this. If adopted, the Minister for Treasury and Resources (the Minister) would, in 2023, reduce the GST de minimis from the current rate of £135 to £60, and would begin charging GST at the point of sale to offshore retailers if the value of their annual importations is expected to exceed £300,000.

The Panel has consulted with several key stakeholders to inform its review, consisting of Jersey Business, the Jersey Chamber of Commerce, the Jersey Consumer Council, the Jersey Customs and Immigration Services, and Jersey Post. The views of these stakeholders are outlined in this report and identify a range of views

The Panel wrote to the Minister on two occasions and questioned her on this subject during Quarterly Public Hearings with the Corporate Services Scrutiny Panel. The Panel held a public hearing with the Jersey Consumer Council and held private briefings with the Comptroller of Revenue, Jersey Chamber of Commerce, and Jersey Customs and Immigration Service to obtain further information on their views. The Panel also received several letters and messages from members of the public, which are confidential to the Panel. All publishable evidence is included on the [States Assembly website](#).

The Panel's findings and recommendations have suggested that there are various areas of improvement to the proposed transition to a lower GST de minimis, including providing greater transparency around both its communications with retailers and the data Revenue Jersey has used to reach its conclusion, and to ensure that support and written guidance is available for any islander that request it to help them fully understand GST Personal Importation. To improve the accessibility of GST personal importation for both retailers and consumers, the Customs and Excise System for the Administration of Revenue (CAESAR) system will need to undergo a series of upgrades.

The Panel is aware of the impact that changes to the GST de minimis will have on islanders on low-incomes and retailers and have subsequently recommended that the Minister should review the provision of GST exemptions for imported goods, and consider any exemptions required due to limitations on customer choice or health grounds, whilst further considering the impact that a lowering of the GST de minimis will have on lower-income families in Jersey. Having considered the evidence it has received the Panel has concluded that the Minister should commit to reducing the GST de minimis to zero.

3. Findings and Recommendations

Key Findings



Key Finding 1

Revenue Jersey has undertaken a review of the GST Personal Importation system to ensure that Jersey would be a “fast follower” of developments on customs taxation in the UK, and thus establishing a more level playing field between goods sold on the high street in Jersey and those imported via online stores.



Key Finding 2

If approved in the Government Plan 2022-25 the GST de minimis will be lowered from £135 to £60 on the 1st January 2023, with offshore retailers whose imports exceed £300,000 to be required to charge GST at the point of sale.



Key Finding 3

The GST de minimis if lowered on the 1st January 2023 will, according to Revenue Jersey, enable the necessary changes to software and administration to be made by key logistics firms and retailers.



Key Finding 4

Revenue Jersey did engage with some of the larger offshore retailers (including Amazon) whilst gathering evidence for its GST Personal Importation review and has reported its interpretation of the outcome of this engagement in its report, but the direct detail has remained confidential and has not been shared with scrutiny or stakeholders to enable justification of key decisions.



Key Finding 5

Smaller offshore retailers whose imports are less than £300,000 will continue to utilise the existing systems of declaration. However, concern has been raised that the existing systems are over complicated and time consuming for both business and consumers.



Key Finding 6

Revenue Jersey has not provided data sets within its report or in the Government Plan to substantiate and justify the reduction to a £60 GST de-minimis and concern has been raised by core stakeholders that some of the data may not have been suitably extracted.



Key Finding 7

The impact of changes to the GST de-minimis for low-income families and the use of the Community Cost bonus was not considered by Revenue Jersey in its review.



Key Finding 8

The proposed Government Plan 2022-25 provides for additional funding to improve the customer portal and other software within the Customs and Excise

System for the Administration of Revenue system, to make it easier for Islanders to make declarations about private importations and to account for GST not charged at the point of sale.



Key Finding 9

Although Royal Mail have undertaken to manifest all goods coming to Jersey from the Spring of 2022, the Revenue Jersey report is silent on any potential consequences of this action. Royal Mail were not contacted or engaged by Revenue Jersey as part of the consultation process for its review.



Key Finding 10

Any failure of offshore retailers to register with Jersey and take payment at the point of sale could be problematic for logistic providers as they will be at the front line of processing unmanifested goods and could require additional storage and costs to consumers.



Key Finding 11

The proposed Government Plan 2022-25 accounts for additional staff who will be required to administer the lower GST de minimis level. The project summary also identified that additional staff will be provided consisting of three core roles:

- Call Advisers based at Customer and Local Services;
- Office Assistants responding to more complex enquiries based at Jersey Customs and Immigration services; and

A Warehouse Officer responsible for the storage and disposal of goods based at Jersey Customs and Immigration services



Key Finding 12

The project summary in the Government Plan 2022-25 outlines that the additional GST receipts will yield “£1.3 million” and will be offset by more consignments detained by Jersey Customs and Immigration Services.



Key Finding 13

Evidence gathered by the Panel would suggest that other countries provide various GST exemptions for imported goods which were not considered as part of the Revenue Jersey review.



Key Finding 14

Evidence would suggest to the Panel that VAT is not being removed from items sold by various offshore retailers.

Recommendations



Recommendation 1

The Minister for Treasury and Resources must immediately release the detail of Revenue Jersey's communications with offshore retailers to scrutiny to provide transparency in decision making.



Recommendation 2

The Minister for Treasury and Resources should commit to lowering the GST de minimis to zero and provide a roadmap to outline Revenue Jersey and affiliated organisation's (including Jersey Post and the Jersey Customs and Immigration Service) work programme to deliver this reduction.



Recommendation 3

The Minister for Treasury and Resources must ensure that relevant data sets and calculations used to substantiate and justify a reduction to both a £60 GST de minimis and a £0 de minimis are provided to the States Assembly and stakeholders to inform decision making in advance of the Government Plan debate.



Recommendation 4

The Minister for Treasury and Resources must clarify to the Assembly the reporting framework for GST importation to ensure it can assist Ministers and Officers to developing long term policies in a wider context in advance of the Government Plan debate.



Recommendation 5

The Minister for Treasury and Resources should publish a report outlining the expected income to be gained for the Island from GST receipts before and after the application of changes to the GST de minimis, whilst outlining a longer-term plan for prospective collection of GST on all imports and the level of investment required to accommodate this change, in order to help shape debates on the future of the GST de minimis.



Recommendation 6

Subject to the GST proposal being agreed in the Government Plan 2022-2025, the Minister for Treasury and Resources must ensure that an impact assessment to consider the consequences of a reduction in de minimis for low-income families is prepared in 2022 and that consideration is also given to making adjustments to the Community Cost Bonus in the Government Plan 2023-2026.



Recommendation 7

The Minister for Treasury and Resources must ensure that support and written guidance is available for any islander that requests it to help them fully understand GST Personal Importation, and the Minister must communicate to islanders in 2022 the changes to GST Personal Importation will not have a negative impact on the Island's supply chains, whilst providing a clear and transparent

understanding to Islanders how goods arriving in Jersey are valued and charged GST.



Recommendation 8

The Minister for Treasury and Resources must consider as a matter of urgency the need for a new, bespoke customs and freight management system, including the customer portal, to fully coordinate and update all aspects of the Customs and Excise system, and report back to the Assembly by the end of April 2022.



Recommendation 9

The Minister for Treasury and Resources must monitor the impact on customer choice, revenue, stakeholders, and to the Government's workforce, of the Royal Mail manifesting goods on a quarterly basis in 2022 and 2023 through a series of quarterly progress reports to be provided to the Corporate Services Scrutiny Panel regarding customer choice, to provide reassurance to the Assembly that sufficient funding has been allocated in the proposed Government Plan 2022-25 to account for this change prior to the debate.



Recommendation 10

Revenue Jersey and Jersey Customs and Immigration Services should develop terms of reference for a working group with the logistics industry to ensure:

- all questions are addressed, and processes agreed especially in relation to valuation and returns; and
- stakeholder capabilities match demand.



Recommendation 11

The Minister for Treasury and Resources should review the provision of GST exemptions for imported goods and consider any exemptions required due to limitations on customer choice or health grounds.



Recommendation 12

The Minister for Treasury and Resources should immediately evidence the work which the Revenue Jersey report suggests it has completed in recent years to discourage the removal of VAT and consider if any other actions could be taken to coincide with changes to the registration process for offshore retailers.

4. Introduction

Background and Context

1. On 22nd January 2021, the Corporate Services Scrutiny Panel (the Panel) was advised by the Minister for Treasury and Resources (the Minister) that terms of reference for a review by Revenue Jersey to consider the review of taxation on the importation of unaccompanied parcels by private individuals (“the Revenue review”), following UK changes, had been approved.⁵
2. The terms of reference confirmed that the Revenue review would consider ways to assist how Islander’s account for Goods and Services Tax (GST) on personal importations where GST is charged directly by the consignor and would include input from key representative bodies and some of the larger offshore retailers and carriers.
3. In April 2021, the Panel agreed to undertake a review on any implications of proposed changes to the GST de-minimis being considered by the Minister as part of the Revenue review and agreed to collect evidence on how any changes could affect key stakeholders and the wider public.
4. In order to accommodate the Panel’s workload, it was agreed that a sub-panel would be established with Senator Steve Pallett appointed as the Lead Member, alongside Deputy Steve Ahier. It was also agreed that the Connétable of St John would be appointed to the sub-panel due to his expertise in logistics. The terms of reference for the Panel’s review are attached as Appendix 2 of this report.
5. The Panel sought evidence from key stakeholders to further its understanding of the impact of the proposed changes to GST Personal Importation on Islanders, businesses, and logistics services.

Revenue Jersey Report

6. Whilst the Panel was gathering evidence for its review, Revenue Jersey published its report entitled [GST: Review of the taxation of the importation of unaccompanied parcels by Private individuals](#) (“the Revenue Report”).
7. The Revenue Report highlighted it had been the long-standing policy of this and the previous Government that Jersey’s GST de minimis level would be reduced or removed and that Jersey was becoming a “fast follower” of long expected changes to taxation in neighbouring jurisdictions.⁶
8. The report confirmed the intention that the island would follow the abolition of low-value consignment reliefs as had occurred within the United Kingdom in 2021.⁷
9. The Revenue Report concluded that it “seems entirely feasible” to mandate GST registrations for offshore retailers whilst further reducing the GST de minimis level – citing “somewhere

⁵ [Letter – Minister for Treasury and Resources to Corporate Services Scrutiny Panel re Personal Importation Review – 22 January 2021](#)

⁶ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.1](#)

⁷ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.1](#)

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between £40 and £60” as possible options – whilst maintaining a return of at least 4:1 on investment on the marginal recovery of tax.⁸

10. The Revenue Report also confirmed that the aim was to establish a “more level playing field in terms of GST” between the goods sold on the high street in Jersey and those imported via online stores, whilst providing a way to register and tax offshore retailers.⁹
11. The Revenue Report acknowledged that the de minimis level is a discriminatory measure “justified on ‘value for money’ grounds”.¹⁰



Key Finding 1

Revenue Jersey has undertaken a review of the GST Personal Importation system to ensure that Jersey would be a “fast follower” of developments on customs taxation in the UK and thus establishing a more level playing field between goods sold on the high street in Jersey and those imported via online stores.

Government Plan 2022-25 & Draft Finance (2022) Budget (Jersey) Law

12. The Revenue Report, although delayed, was released in conjunction with the proposed Government Plan 2022-2025 (the proposition) which conveyed a series of changes to GST de minimis personal importation and affiliated charges from 1st January 2023. The changes are outlined in in the Draft Finance (2022) Budget) Law.
13. The proposition concludes that the changes to the GST de-minimis will be completed by:
 - a reduction in the GST de minimis from its current rate of £135 to £60 in 2023, meaning that all goods imported into the Island of a value of £60 or above will be liable to GST.¹¹
 - the charging of GST at the point of sale to offshore retailers if the value of their annual importations is expected to exceed £300,000 (identified as the standard turnover threshold for registration).



Key Finding 2

If approved in the Government Plan 2022-25 the GST de minimis will be lowered from £135 to £60 on the 1st January 2023, with offshore retailers whose imports exceed £300,000 to be required to charge GST at the point of sale.

5. Impact of Changes to the GST de minimis

⁸ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.6](#)

⁹ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.1](#)

¹⁰ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.1](#)

¹¹ [Government Plan 2022-2025, p.110](#)

Compulsory GST Registration for Offshore Retailers

14. It would appear from the Revenue Report that the onus of registering for GST would be voluntary and fall to online retailers who would be required to process GST payments to Revenue Jersey through quarterly GST returns, and thereby update their systems to recognise the Island's tax regime and ensure compliance under the Government Plan proposals.
15. The Minister for Treasury and Resources outlined in her letter to the Panel on the 2nd September 2021 that there was an expectation that compliance costs for offshore businesses would likely be limited to computer changes needed to charge Jersey GST and remit it to Revenue Jersey.¹²
16. There was the likelihood of additional costs for carriers depending on the administrative requirements established to implement changes and offset the clearance of more goods where GST has been taken at the point of sale.
17. The Revenue Report confirmed that "a few" offshore retailers have already registered voluntarily to charge GST at the point of sale, and notes that the provision makes the importation of goods "less troublesome" for Islanders. However, there does not seem to be the necessary incentive for offshore retailer to change practices until after a law is enacted.¹³
18. The Revenue Report confirmed engagement with "a selection of Offshore Retailers" and that the focus in its review had been on the largest suppliers. It was confirmed that the response from offshore retailers had been "overwhelmingly positive with retailers signalling preparedness to make the necessary changes", and that Revenue Jersey would continue to actively engage offshore retailers as the draft legislation is developed.¹⁴
19. Revenue Jersey expressed a "high degree of confidence" that offshore retailers would continue to supply their existing range of goods in Jersey.¹⁵
20. The Revenue Report outlines that offshore retailers had made the following key requests:
 - To mirror the EU/UK legislative terms;
 - Provide clear definitions to enable the smoothest operation of changes; and
 - To give at least one year's notice of legislative changes so that they can invest and implement change with legal certainty.
21. It was confirmed during the Panel's public hearing with the Minister for Treasury and Resources on 19th March 2021 that the suppliers being considered as part of the review included the online retailer Amazon.¹⁶

¹² [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re GST Personal Importation Review - 2 September 2021, p.5](#)

¹³ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.1](#)

¹⁴ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.3](#)

¹⁵ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.4](#)

¹⁶ [Transcript – Quarterly Hearing with the Minister for Treasury and Resources – 19th March 2021, p.13](#)

22. The Minister for Treasury and Resources confirmed to the Panel in a letter on the 2nd September 2021 that Revenue Jersey had compiled a list of the top ten offshore retailers importing goods into the Island as part of the Revenue review. However, the identity of the retailers and detail to confirm the outcome of these discussions has not been shared with the Panel and has not been made available to the public, although they were requested by the Panel and other key stakeholders including the Jersey Consumer Council.¹⁷
23. A letter from the Minister on 2nd September 2021 outlined to the Panel that the written submissions the Revenue review team had obtained were provided in confidence on business-specific matters and that no findings and recommendations had been developed in tandem with external stakeholders. The Minister accepted that more engagement would be necessary once the legislative changes to GST Personal Importation had been drafted.¹⁸
24. The Jersey Consumer Council expressed concern that the Government of Jersey had not provided the necessary level of clarity to consumers and identified that the list of top ten offshore retailers developed by Revenue Jersey needed oversight to understand the potential impacts to customers.¹⁹



Key Finding 3

The GST de minimis if lowered on the 1st January 2023 will, according to Revenue Jersey, enable the necessary changes to software and administration to be made by key logistics firms and retailers.



Key Finding 4

Revenue Jersey did engage with some of the larger offshore retailers (including Amazon) whilst gathering evidence for its GST Personal Importation review and has reported its interpretation of the outcome of this engagement in its report, but the direct detail has remained confidential and has not been shared with scrutiny or stakeholders to enable justification of key decisions.



Recommendation 1

The Minister for Treasury and Resources must immediately release the detail of Revenue Jersey's communications with offshore retailers to scrutiny to provide transparency in decision making.

Smaller offshore retailers

25. The Revenue Report confirms that smaller retailers whose importations do not exceed £300,000 will not be affected by the proposed changes to GST registration, with the existing system continuing to apply, with Jersey consumers remaining liable for GST when goods are imported into Jersey and therefore required to make a declaration where the value of goods exceeds the de minimis level.
26. The Revenue Report also confirms that the review did not seek to engage smaller retailers and it considered this to be a “secondary issue”.

¹⁷ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re GST Personal Importation Review - 2 September 2021, p.2](#)

¹⁸ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re GST Personal Importation Review - 2 September 2021, p.2](#)

¹⁹ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.13](#)

27. Jersey Business outlined its expectation to the Panel that smaller businesses that have not been incorporated into the collation of GST at the point of sale will need to utilise the existing system of customer self-declaration and voiced concerns that the current system for declaration on import was “overly complicated and time consuming for both business and consumers”. It recommended that a budget for investment and a clear plan to improve user experience should be made a priority.²⁰
28. The Panel also noted that smaller retailers may use systems provided by retailers such as Amazon to ensure compliance.

Key Finding 5



Smaller offshore retailers whose imports are less than £300,000 will continue to utilise the existing systems of declaration. However, concern has been raised that the existing systems are over complicated and time consuming for both business and consumers.



Recommendation 2

The Minister for Treasury and Resources should commit to lowering the GST de minimis to zero and provide a roadmap to outline Revenue Jersey and affiliated organisation’s (including Jersey Post and the Jersey Customs and Immigration Service) work programme to deliver this reduction.

GST de minimis threshold

29. Jersey Business informed the Panel that the Island was not upholding the principle of maintaining a broad and simple GST system if offshore retailers did not charge GST to Jersey consumers, and that some businesses had fed back that Jersey would still be behind the UK and Europe if a GST de minimis level was maintained in 2023, rather than removed altogether.²¹
30. The Panel noted additional evidence provided by Jersey Business which confirmed it was largely positive towards the changes proposed in the Government Plan 2022-25, and that it believed that the change in the de minimis level would make local pricing “a little more competitive and will be welcomed” and noted that it had only received comments supporting the reduction in the de minimis level de minimis from local businesses.²²
31. It was noted from the Revenue Report that, based on historic customs data, it was agreed by Revenue Jersey that the de minimis level could be re-set to circa £40 to £60 and would still continue to achieve at least a 4:1 return on investment, although it could not be reduced further on value-for-money grounds and due to the risk of slowing down the movement of lower-value parcels into the island. However, no evidence was provided within the Revenue Report to substantiate the reasoning for this specific de minimis threshold.²³
32. Jersey Business stated that specific data should be collected to outline the income gained for the Island from GST receipts from personally imported goods, both now and following the

²⁰ [Submission – Jersey Business – 29 October 2021, p.2](#)

²¹ [Submission – Jersey Business – 29 October 2021, p.2](#)

²² [Submission – Jersey Business – 29 October 2021, p.1](#)

²³ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.3](#)

changes to GST Personal Importation, to demonstrate and shape any future debate on removing the GST de minimis altogether.²⁴

33. Jersey Business further recommended that a longer-term plan for the collection on all imports could be considered if a larger investment is needed to replace the current customs declaration system to increase innovation and efficiency.²⁵
34. The Jersey Chamber of Commerce (the Chamber) confirmed in its submission to the Panel that it was “pleased to see” the £300,000 registration limit and expressed its view that it did not believe that consumers would be heavily impacted by a reduction in the GST de minimis. The Chamber also expressed concern regarding the lack of reasoning to explain why the level has been set to £60 and identified £25 as the level “at which the vast majority of imports take place” and that it represented a missed opportunity to not abolish GST de minimis.²⁶
35. The Chamber presented its opinion that, by not abolishing the GST de minimis, the Government of Jersey would “actively support” offshore retail by not charging GST on all goods from 1st January 2023 and asked whether Jersey retailers should receive funding to offset this, noting what it believed to be “strong support” for the removal of the de minimis. The Chamber further expressed its preference for the GST de minimis to be abolished.²⁷
36. The Chamber highlighted in its private briefing on the 27th August 2021 that they were concerned about the lack of data about movements towards online shopping and similar issues, and that this was preventing Ministers and Officers from developing suitable policies and highlighted its concern that some data obtained by Treasury and Exchequer had not been suitably extracted as part of its review.
37. The Chamber noted the UK Government’s implementation of a Digital Services Tax and noted that many countries have had trouble in operating fair tax policies for retail, and that it should not advantage any one over the other.²⁸



Key Finding 6

Revenue Jersey has not provided data sets within its report or in the Government Plan to substantiate and justify the reduction to a £60 GST de-minimis and concern has been raised by core stakeholders that some of the data may not have been suitably extracted.



Recommendation 3

The Minister for Treasury and Resources must ensure that relevant data sets and calculations used to substantiate and justify a reduction to both a £60 GST de minimis and a £0 de minimis are provided to the States Assembly and stakeholders to inform decision making in advance of the Government Plan debate.



Recommendation 4

The Minister for Treasury and Resources must clarify to the Assembly the reporting framework for GST importation to ensure it can assist Ministers and

²⁴ [Submission – Jersey Business – 29 October 2021, p.3](#)

²⁵ [Submission – Jersey Business – 29 October 2021, p.3](#)

²⁶ [Submission – Jersey Chamber of Commerce – 2 November 2021](#)

²⁷ [Submission – Jersey Chamber of Commerce – 16 August 2021, p.2](#)

²⁸ [Submission – Jersey Chamber of Commerce – 2 November 2021](#)

Officers to developing long term policies in a wider context in advance of the Government Plan debate.



Recommendation 5

The Minister for Treasury and Resources should publish a report outlining the expected income to be gained for the Island from GST receipts before and after the application of changes to the GST de minimis, whilst outlining a longer-term plan for prospective the collection of GST on all imports and the level of investment required to accommodate this change, in order to help shape debates on the future of the GST de minimis.

Customer Choice

38. During its review, the Panel received private written submissions from members of the public, who expressed their concern regarding the accessibility of Customs declarations for those unable or uncomfortable with using online portals, and the impact on Jersey's supply chain.
39. Concerns were also raised by a member of the public as to whether every item arriving through Jersey's customs border would receive the same treatment under the proposals if items were to arrive on the same day.
40. From the evidence collected by the Panel from the Jersey Consumer Council, it was highlighted that retailers may stop selling to Jersey, due to the Island's small market size and the possibility that it may not be large enough to warrant changes to cost systems and processes.²⁹ The Jersey Consumer Council highlighted that the Island's high street was a victim of the pandemic, with less availability and choice within the Island requiring consumers to purchase goods off-island.³⁰
41. The Jersey Consumer Council expressed scepticism at the Government of Jersey's intention to create a "level playing field" and argued that it was a potentially "disingenuous" claim, given that, Jersey resisting abolition of the GST de minimis would mark it out as one of the few places to maintain a de minimis, and highlighting the impact that Brexit and changes to import and export duties and taxes have had on consumers in Jersey.³¹
42. The Jersey Consumer Council and Chamber both suggested to the Panel that there should be a closer correlation between the Government of Jersey's retail strategy and its work on online purchases, and that Government should do more to increase the level of activity in high street purchases in Jersey.³²
43. During its Public Hearing with the Panel the Jersey Consumer Council cited opportunities such as free parking on a Saturday or Sunday when the shops are open, free bus fares on a Saturday into and out of the town centre and capping the rental per square metre for retail outlets as options.³³
44. The Jersey Consumer Council expressed its concerns that the proposed changes to GST could have a negative impact on consumers in Jersey, noting that GST is a regressive tax that impacts poorer Islanders the most. The Panel notes, in this regard, that the Community

²⁹ [Submission – Jersey Consumer Council – 10 June 2021, p.1](#)

³⁰ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.26](#)

³¹ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.6](#)

³² [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.7](#)

³³ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.6](#)

Cost Bonus, which is an annual payment to help households that are just above the income support level with the cost of GST, had not been considered in the Revenue Jersey review as a mechanism to support the less well-off under changes to the de minimis.³⁴



Key Finding 7

The impact of changes to the GST de-minimis for low-income families and the use of the Community Cost bonus was not considered by Revenue Jersey in its review.



Recommendation 6

Subject to the GST proposal being agreed in the Government Plan 2022-2025, the Minister for Treasury and Resources must ensure that an impact assessment to consider the consequences of a reduction in de minimis for low-income families is prepared in 2022 and that consideration is also given to making adjustments to the Community Cost Bonus in the Government Plan 2023-2026.



Recommendation 7

The Minister for Treasury and Resources must ensure that support and written guidance is available for any islander that request it to help them fully understand GST Personal Importation, and the Minister must communicate to islanders in 2022 the changes to GST Personal Importation will not have a negative impact on the Island's supply chains, whilst providing a clear and transparent understanding to Islanders how goods arriving in Jersey are valued and charged GST.

Customs 'Portal'

45. The Customs and Excise System for the Administration of Revenue ("CAESAR") is Jersey's bespoke customs freight management system and has undergone regular updates since its installation in 2008/9 to provide additional functionalities.
46. The Jersey Consumer Council and the Chamber of Commerce both highlighted the need for investment in the CAESAR system and other software to be improved prior to changes to the GST de minimis, noting that it lacked a user-friendly interface and was often too complex and caused frustrations.³⁵
47. The Panel was advised that the Customs and Excise System for the Administration of Revenue (CASEAR) was unable to record every parcel which was unmanifested as it had to be recorded manually and given the significant volume there was a risk of long delays to their delivery and high costs to undertake.
48. It was highlighted to the Panel whilst gathering its evidence that the CAESAR system could maintain and support the level of goods entering the Island if GST providers were required to register and the GST de-minimis was lowered, as long as additional manpower was provided in the Government Plan 2022-25.
49. As noted in the report published by Revenue Jersey, it is expected that changes to the GST de minimis rate is likely to increase the usage of CAESAR and recommended that the "front-end" customer portal should be improved to facilitate this.

³⁴ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.8](#)

³⁵ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.6](#)

50. The Government Plan 2022-2025 includes additional funding to accommodate the proposed changes to GST Personal Importation, noting that the Minister had proposed to provide Jersey Customs and Immigration Services with “additional funding” to improve the customer portal within the CAESAR system, to make it easier for Islanders to make declarations about private importations and to account for GST not charged at the point of sale.



Key Finding 8

The proposed Government Plan 2022-25 provides for additional funding to improve the customer portal and other software within the Customs and Excise System for the Administration of Revenue system, to make it easier for Islanders to make declarations about private importations and to account for GST not charged at the point of sale.



Recommendation 8

The Minister for Treasury and Resources must consider as a matter of urgency the need for a new, bespoke customs and freight management system, including the customer portal, to fully coordinate and update all aspects of the Customs and Excise system, and report back to the Assembly by the end of April 2022.

Manifesting

51. During its review it was highlighted to the Panel that Jersey’s status is different to the customs regimes in other jurisdictions due to all goods entering the Island being required to cross a customs border.
52. Whilst gathering its evidence the Panel were advised that there are two avenues for goods to enter the Island:
- **Manifested Goods**, which represent imported goods that are identified before entry into the Island, where they are then delivered to a GST-registered company and are therefore automatically processed and delivered; and
 - **Unmanifested Goods**, which are parcels and other imported goods that enter the Island through services such as Jersey Post and have not been identified prior to their arrival in Jersey and which currently require customs officers to sift through these goods to identify high-value items for GST import payment.
53. The Panel noted evidence gathered from Jersey Post’s submission that the number of unmanifested goods entering the Island totalled “c£5 million” in 2020.³⁶
54. In the Revenue Jersey Report, it is confirmed that Royal Mail has undertaken to manifest all goods coming to Jersey from the Spring of 2022.³⁷
55. The Minister for Treasury and Resources confirmed to the Panel in a letter on the 2nd September 2021 that the UK’s Royal Mail had not been part of the consultation process. However, it is noted that Royal Mail and Jersey Post have been discussing issues around

³⁶ [Submission – Jersey Post – 13 August 2021, p.2](#)

³⁷ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.4](#)

the manifesting of postal items and that, if Royal Mail does begin to manifest goods being sent to Jersey, it would significantly improve the ability of the Jersey Customs and Immigration to manage its workstream.³⁸



Key Finding 9

Although Royal Mail have undertaken to manifest all goods coming to Jersey from the Spring of 2022, the Revenue Jersey Report is silent on any potential consequences of this action. Royal Mail were not contacted or engaged by Revenue Jersey as part of the consultation process for its review.



Recommendation 9

The Minister for Treasury and Resources must monitor the impact on customer choice, revenue, stakeholders, and to the Government's workforce, of the Royal Mail manifesting goods on a quarterly basis in 2022 and 2023 through a series of quarterly progress reports to be provided to the Corporate Services Scrutiny Panel regarding customer choice, to provide reassurance to the Assembly that sufficient funding has been allocated in the proposed Government Plan 2022-25 to account for this change prior to the debate.

Compliance Costs for Local Business

56. It was evident to the Panel from its discussions that the core stakeholders of unmanifested goods (Jersey Customs and Immigration Services and Jersey Post) had worked hard to improve the efficiency of this process for consumers, but that the current process was labour intensive.
57. The Panel received two submissions from Jersey Post: the first on 13th August 2021 and the second on 6th September 2021. Jersey Post outlined its support for the collection of GST at the point of purchase for registered retailers. Jersey Post noted that the entire supply chain should correctly recognise and communicate the GST status of individual parcels, to prevent unnecessary detentions and increase costs and dissatisfaction from both retailers and consumers.³⁹ Jersey Post further stressed that the cost impact on the logistics industry should not be underestimated.⁴⁰
58. Jersey Post noted concerns regarding online retailers such as Amazon, where tax registration, collection and status may be undertaken by individual organisations using services provided by Amazon, and that the collection of GST at source would only be practical and cost-effective "for the largest of UK retailers". Jersey Post recommended that smaller UK retailers should not incur significant administrative burdens or customs related performance issues that may make them withdraw from Jersey as a marketplace.⁴¹
59. Jersey Post suggested that, should changes to the GST de minimis level take effect, it would have to reduce the proportion of post-arrival declarations by streamlining the process whereby Islanders declare and pay GST immediately after checkout, in order to ensure that goods can enter Jersey without being detained. Jersey Post confirmed that it expected manifesting levels to gradually increase, but that it would need to deal with the higher levels of un-manifested items in the medium term.⁴²

³⁸ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re GST Personal Importation Review - 2 September 2021, p.3](#)

³⁹ [Submission – Jersey Post – 13 August 2021, p.1](#)

⁴⁰ [Submission – Jersey Post – 6 September 2021, p.1](#)

⁴¹ [Submission – Jersey Post – 13 August 2021, p.1](#)

⁴² [Submission – Jersey Post – 13 August 2021, p.1](#)

60. Jersey Post recommended that the GST declaration processes, and associated IT systems should be designed to consider stakeholders' capabilities and existing data constraints as the current supply chain elements and relationships were not established to reliably track and communicate the GST status of parcels. Jersey Post further noted the difficulty in establishing whether certain parcels exceed the de minimis limit, and that questions on valuation remained to be answered. Consideration should be given to the burden of GST reclaimed on processing caused by returns.⁴³
61. Jersey Post recommended that changes to GST de minimis levels should only be introduced once the required processes and systems were in place, and further recommended a joined-up approach to decisions taken and ensuring milestones are achieved.⁴⁴



Key Finding 10

Any failure of offshore retailers to register with Jersey and take payment at the point of sale could be problematic for logistic providers as they will be at the front line of processing unmanifested goods and could require additional storage and costs to consumers.



Recommendation 10

Revenue Jersey and Jersey Customs and Immigration Services should develop terms of reference for a working group with the logistics industry to ensure:

- all questions are addressed, and processes agreed especially in relation to valuation and returns; and
- stakeholder capabilities match demand.

Implementation costs for Government

62. The Minister noted in her letter to the Panel on the 2nd September 2021 that the proposed changes to GST Personal Importation were “unlikely materially to affect Revenue Jersey resourcing because of the simplicity of our GST system.”⁴⁵ However, financial resources have been allocated to Justice & Home Affairs and Treasury & Exchequer in the Government Plan 2022-2025.⁴⁶
63. The Government Plan 2022-2025 includes additional funding to accommodate the proposed changes to GST Personal Importation, noting that the Minister for Treasury and Resources had proposed to provide Jersey Customs and Immigration Services with “additional funding” to improve the customer portal within the CAESAR system and to make it easier for Islanders to make declarations about private importations, as well as to account for GST not charged at the point of sale.

⁴³ [Submission – Jersey Post – 13 August 2021, pp.2-3](#)

⁴⁴ [Submission – Jersey Post – 13 August 2021, p.3](#)

⁴⁵ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re GST Personal Importation Review - 2 September 2021, p.4](#)

⁴⁶ [Government Plan 2022-2025 Annex, p.87](#)

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64. This additional funding is outlined in the Annex to the Government Plan 2022-2025 under GP22-OI4-03 and GP22-OI4-04 (“Project: Import GST Resources), with funding provided as follows^{47 48}:

2022	2023	2024	2025
365,000	350,000	350,000	350,000

65. The report published by Revenue Jersey provides the following breakdown of the estimated implementation costs of changes to GST Personal Importation⁴⁹:

(£)	2022	2023	2024	2025
Capital	186,240	0	0	0
Running	75,000	300,000	315,000	331,000

66. In the Minister’s letter to the Panel on 2nd September 2021, it was confirmed that the data provided in the report was being peer-reviewed and noted that the estimate may “yet prove conservative depending upon trends in online shopping and towards greater manifesting of postal implications.”⁵⁰

67. As previously noted, it is anticipated that additional staff will be required to administer the lower GST de minimis level. The project summary also identified that additional staff will be provided consisting of three core roles:

- Call Advisers based at Customer and Local Services;
- Office Assistants responding to more complex enquiries based at Jersey Customs and Immigration services; and
- A Warehouse Officer responsible for the storage and disposal of goods based at Jersey Customs and Immigration services.



Key Finding 11

The proposed Government Plan 2022-25 accounts for additional staff who will be required to administer the lower GST de minimis level. The project summary also identified that additional staff will be provided consisting of three core roles:

- Call Advisers based at Customer and Local Services;
-
- Office Assistants responding to more complex enquiries based at Jersey Customs and Immigration services; and
-
- A Warehouse Officer responsible for the storage and disposal of goods based at Jersey Customs and Immigration services.

Revenue Benefits

⁴⁷ [Government Plan 2022-2025, p.187](#)

⁴⁸ [Government Plan 2022-2025 Annex, p.87](#)

⁴⁹ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.5](#)

⁵⁰ [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re GST Personal Importation Review - 2 September 2021, p.2](#)

68. In total, it is estimated that changes to GST Personal Importation will yield a net revenue of “£1 million”, with Revenue Jersey’s report outlining the projected additional Revenue receipts as follows, although it notes that any growth in online purchases will likely displace domestic sales, and has therefore been discounted⁵¹:

(£)	2022	2023	2024	2025
Projected Additional Revenue Receipts	Nil	1,481,909	1,556,004	1,633,804



Key Finding 12

The project summary in the Government Plan 2022-25 outlines that the additional GST receipts will yield “£1.3 million” and will be offset by more consignments detained by Jersey Customs and Immigration Services.

Consideration of Different GST Rates, Gift Relief, and Duty Free

69. As part of its review, the Panel considered the different GST rates used in other jurisdictions, particularly Australia and New Zealand, to inform its understanding of alternatives to what has been proposed by Revenue Jersey. The Panel has agreed to outline its findings in relation to these two jurisdictions below:

70. Australia - Key Points:

- Overseas businesses must register and charge if selling low value items to Australian customers if their total sales exceed A\$75,000 (or A\$150,000 if a non-profit body)
- Shipments with a total cost over A\$1,000 are charged GST to the supplier at the border
- They must inform customers of GST charged
- GST returns must be submitted quarterly
- There is a list of GST-free items

Personal Importation

[Australian goods and services tax \(GST\)](#) applies to sales of low value goods imported by consumers into Australia from 1 July 2018.

Businesses that meet the registration threshold of A\$75,000 in a 12-month period (or A\$150,000 including non-profit body) must:

- register for GST
- charge GST on sales of low value imported goods (those under A\$1,000) (unless they are GST-free)
- lodge returns to the Australian Tax Office (ATO).

Only required to charge GST on a sale of low value imported goods if it is a taxable sale. A sale is taxable if:

- it is connected with Australia

⁵¹ [GST: Review of the Taxation of the Importation of Unaccompanied Parcels by Private Individuals, p.5](#)

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- registered or required to be registered for GST
- it is made for payment and is part of conducting business (or it is treated as being part of a business because it is an electronic distribution platform operator or a re-deliverer)
- the good sold is not GST-free or input taxed.

Things that are GST-free include:

- most basic foods
- some education courses, course materials and related excursions or field trips
- some medical, health and care services
- some menstrual products (from 1 January 2019)
- some medical aids and appliances
- some medicines
- some childcare services
- some religious services and charitable activities
- supplies of accommodation and meals to residents of retirement villages by certain operators
- cars for disabled people to use, when certain requirements are met
- water, sewerage and drainage
- international transport and related matters
- precious metals
- sales through duty-free shops
- grants of land by government
- farmland
- international mail
- exports
- sales of businesses as going concerns
- some telecommunications supplies
- eligible emissions units.

Businesses required to register, and charge GST may be merchants who sell goods, electronic distribution platform operators or re-deliverers (those who cater to the needs of consumers who want to purchase from retailers who won't ship to Australia).

For goods imported in a consignment over A\$1,000 any GST, customs duty and clearance charges will be charged to the importer at the border under existing processes.

This law is designed so that businesses:

- will not charge GST on a sale when GST will be charged at the border, because an item is either:
 - worth over A\$1,000
 - a tobacco product, or
 - an alcoholic beverage
- will not need to charge GST on a sale if it is clear that multiple goods will be shipped to Australia in one consignment worth over A\$1,000 – GST will be charged at the border instead.
- will not need to charge GST on a sale of low value imported goods to Australian GST-registered business if they provide their Australian business number (ABN) and confirmation that they are GST-registered.

If customers pay a price including shipping, this will typically form part of the price when calculating the GST on the sale. Therefore, generally should include shipping costs in the value of sales when considering the GST turnover threshold.

Only one entity is required to charge GST on a sale. There is an order of priority as follows:

- if an EDP operator is responsible for GST on a sale, the merchant will not be responsible for GST
- if an EDP operator or the merchant is responsible for GST on a sale, a re-deliverer will not be responsible for GST.

Registration

[You do not need to register for GST](#) if the only sales made are through an online marketplace or electronic distribution platform (EDP) that is responsible for collecting the GST payable. In these circumstances, it is the responsibility of the marketplace or EDP to collect and remit the GST.

To access the online registration, form secure credential called an AUSid is required. AUSid is provided during the online registration process. An Australian Taxation Office reference number (ARN), a unique 12-digit numerical identifier used to identify the supplier in ATO systems is used as an identifier on receipts, for example, 123456789012. This is carried out through an app.

Records

[The responsible supplier](#) (EDP operator, merchant or re-deliverer) is required to include certain tax information on import documents.

Transporters and customs brokers from the country of export may be asked by the supplier to ensure GST-related tax information is provided to Australian transporters and customs brokers so that import documents are completed correctly. GST returns must be submitted quarterly.

Currency exchange

If sales of low value imported goods into Australia are not in Australian dollars, the Australian Taxation Office has [published guidance](#) outlining:

- whether goods are low value goods (for example, to work out if the goods have a customs value of A\$1,000 or less)
- the value of taxable supplies – as entities must report the GST payable on taxable supplies in Australian currency when lodging and paying GST.

The business is required to indicate an agreed rate at the time of supply of invoice date.¹

71. New Zealand - Key Points:

- Overseas business selling low value items to New Zealand customers required to register for GST if their total sales exceed NZ\$60,000.
- They must inform customers what GST has been charged.
- They must provide quarterly reports of the GST paid.

Background

[GST is charged at a flat rate of 15%](#), there are a number of exemptions and zero-rated supplies for imported goods, including:²

- Temporary goods and services, mainly repairs and maintenance
- Goods and Services located/provided outside New Zealand at time of supply (that will not be imported)
- Financial Services
- Supply of fine metals

There are 4 types of GST registration for non-resident businesses depending on the circumstances and extent of the activity undertaken in New Zealand, including sale of goods to residents or selling to GST registered individuals or businesses resident in New Zealand.

Overseas businesses supplying remote services from outside New Zealand to a New Zealand resident customer may be required to register for and return GST on these supplies. Businesses will generally only account for GST on their sales in their GST returns.

Personal Importation

[From 1 December 2019](#) overseas businesses that sell low value goods to consumers in New Zealand need to register for, collect and return GST.³

A consumer is a person who buys low value goods (A low value good is a physical good valued at NZ\$1,000 or less, excluding GST) delivered to New Zealand and:

- is not registered for New Zealand GST
- is registered for GST and uses the low value goods for personal use

Businesses are required to register for and charge GST if it is selling or supplying goods to New Zealand consumers as:

- a merchant that sells goods directly
- an online marketplace that merchants sell goods and services through
- a redeliver (those who cater to the needs of consumers who want to purchase from retailers who won't ship to New Zealand) that offers mailbox redelivery and personal shopping services from other countries
- personal shopping services from countries other than New Zealand

Distinguishing between low value goods (items individually having an estimated customs value of NZ\$1,000 or less) and high value goods (items with an estimated customs value above NZ\$1,000) may be difficult for suppliers.

Overseas businesses can choose to charge GST on goods valued above NZ\$1,000 supplied to consumers in New Zealand if either:

- 75% or more of the total value of the goods consists of those individually valued at NZ\$1,000 or less
- Inland Revenue have given them approval.

This is different from Australia where, if several goods total over A\$1,000, the supplier can decide not to charge GST if they reasonably believe they will be imported in 1 consignment.⁴

As only 1 entity is required to charge GST on a sale, the order of priority is that if:

- An online marketplace operator is responsible for GST on a sale, the merchant will not be responsible for GST.
- An online marketplace operator or merchant is responsible for GST on a sale, a redelivered will not be responsible for GST.
- A New Zealand resident agent makes supplies of taxable goods on behalf of a non-resident principal, the agent will be responsible for the GST as long as the principal and agent have both an agreement.

Businesses are only required to charge GST on a sale of low value imported goods if it is a taxable supply. A supply is taxable if:

- the goods and services are treated as supplied in New Zealand
- registered or required to be registered for GST, turnover was \$60,000 in the last 12 months (or will be \$60,000 or more in the next 12 months, conversely do not need to register if a business exceeds the threshold but does not expect to do so in the following 12 months (evidence must be provided))
- it is made in the course of taxable activity, or it is treated as being part of taxable activity because the business is an online marketplace operator or a re-deliverer
- the supply of goods and services is not an exempt supply.

Overseas businesses, online marketplaces and re-deliverers need to register for GST when their total supplies of goods and services to New Zealand consumers either:

- were NZ\$60,000 or more in the last 12 months
- will exceed NZ\$60,000 in the next 12 months.

If a business sells goods and services through branches or divisions in separate locations, it must register for GST when the combined sales exceed NZ\$60,000.

Branches or divisions may apply to register separately so they can file their own GST returns if they have their own accounting system. Businesses may not need to register if supplies exceed the NZ\$60,000 threshold in a 12-month period, but do not expect them to in the following 12 months. Businesses need to provide information to support this.

If a Business only supplies to a New Zealand GST-registered business, they do not need to register.

If a Business is already registered for GST, it does not need to register separately for any low value goods supplied.

Records

[Overseas businesses](#) also need to let consumers know GST has been applied. They can do this by providing a receipt showing:

- name and GST registration number of the supplier
- date of the supply
- date of issue of the receipt (if different from the date of the supply)
- description of the goods supplied
- price paid for the goods and the amount of GST included, which may be expressed in a foreign currency
- list of which goods have had GST charged.

From 1 April 2020, all overseas businesses must file GST returns quarterly.

There is a refund application mechanism (to residents and overseas registered businesses), interest is added if Inland Revenue fail to pay a valid claim of \$100 10 working days after GST return submitted.

Currency exchange

[Overseas suppliers](#) may use any one of the following exchange rates:

- the spot exchange rate applying at the time of supply
- the rate published by the New Zealand Customs Service
- the Reserve Bank of New Zealand (RBNZ) rate, or a reference rate published by another central bank
- an exchange rate provided by a foreign exchange organisation or foreign exchange data vendor.

Exchange rate means the unit of foreign currency per New Zealand dollar, published within 30 calendar days of the conversion time.

72. The Chamber of Commerce highlighted to the Panel in its private briefing on the 27th August 2021 the compliance of the online retailer Amazon with various tax changes in federal states of the United States of America and noted that 35% of Amazon's Revenue was generated by the company itself, with 65% provided by retailers, and that changes to GST would be implemented on Amazon's operational level, as opposed to through retailers.
73. The Panel notes only a small number of goods on sale in Jersey are exempt from GST, such as specific medical equipment.



Key Finding 13

Evidence gathered by the Panel would suggest that other countries provide various GST exemptions for imported goods which were not considered as part of the Revenue Jersey review.



Recommendation 11

The Minister for Treasury and Resources should review the provision of GST exemptions for imported goods and consider any exemptions required due to limitations on customer choice or health grounds.

UK Value Added Tax (VAT) Issue

74. The Jersey Consumer Council expressed concern regarding the failure of certain retailers to remove VAT and cited this as a primary concern for Revenue Jersey to resolve.⁵²
75. The Jersey Consumer Council informed the Panel that it had met with the Minister for Treasury and Resources and her officers, and that it had not succeeded in lobbying the Minister to take action against VAT applications for consumers.⁵³

⁵² [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.22](#)

⁵³ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, pp.3, 12-3](#)

76. The Jersey Consumer Council expressed concern to the Panel regarding the removal of VAT from online goods and provided in confidence to the Panel a list of retailers it had identified as not removing VAT from items sold to Jersey consumers which had been shared with Revenue Jersey.⁵⁴
77. The report from Revenue Jersey suggests that it has completed work in recent years to discourage the removal of VAT, but no evidence was provided to the Panel.



Key Finding 14

Evidence would suggest to the Panel that VAT is not being removed from items sold by various offshore retailers.



Recommendation 12

The Minister for Treasury and Resources should immediately evidence the work which the Revenue Jersey report suggests it has completed in recent years to discourage the removal of VAT and consider if any other actions could be taken to coincide with changes to the registration process for offshore retailers.

6. Conclusions

78. The proposals to alter GST Personal Importation will ensure that Jersey is a “fast follower” of developments on customs taxation in the UK, and this, if approved, will result in the GST de minimis being lowered from £135 to £60 on 1st January 2023, with offshore retailers whose imports exceed £300,000 to be required to charge GST at the point of sale, with smaller retailers able to continue to use the existing systems of declaration.
79. Revenue Jersey had engaged with some of the larger offshore retailers (including Amazon) whilst gathering evidence for its GST Personal Importation review and has reported its interpretation of the outcome of this engagement in its report, however, the Panel is of the conclusion that there is an opportunity for greater transparency of the data used to justify the decisions made.
80. The impact of changes to the GST de-minimis for low-income families and the Community Cost Bonus has not been considered by Revenue Jersey in its review. The Panel has highlighted a need for this to be considered prior to when the proposed changes to the GST de minimis take effect, particularly given concerns that VAT is not being removed from items sold by various offshore retailers.
81. The existing Customs and Excise System for the Administration of Revenue software requires additional funding provided in the Government Plan 2022-2025 to make it easier for Islanders to make declarations about private importations and to account for GST not charged at the point of sale, however, further work will also need to be undertaken to improve the accessibility of the system to allow Islanders to use it with greater ease.

⁵⁴ [Transcript – Public Hearing with the Jersey Consumer Council – 16 June 2021, p.3](#)

82. Royal Mail will begin to manifest all goods coming to Jersey from the Spring of 2022, but the consequences are currently unknown. This suggests that further work will need to be undertaken to understand the impact of manifesting by Royal Mail on customer choice, revenue, stakeholders, and to the Government's workforce.
83. Failure of offshore retailers to register with Jersey and take payment at the point of sale could prove problematic for logistic providers at the front line of processing unmanifested goods, leading to requirements for additional storage and costs to consumers, highlighting a need for any potential working group between Revenue Jersey and the Jersey Customs and Immigration Service to address concerns over stakeholder capability against demand.
84. Additional staff will be required to support changes to the GST de minimis, with a focus on customer service and warehouse operations.
85. GST exemptions as provided in other countries have not been considered by Revenue Jersey.

Appendix 1 – The Corporate Services Scrutiny Panel GST Personal Importation Review Sub-Panel

The Sub-Panel is comprised of the following States Members:



Senator Steve Pallett, Lead Member for Review



Deputy Steve Ahier, Vice-Chair



Connétable Andy Jehan (appointed to Sub-Panel for review)

Appendix 2 – GST Personal Importation: Phase 1 Terms of Reference

The Phase 1* review by the Panel will provide high-level scrutiny of the Government's Review into proposed changes to Goods and Service Tax (GST) in respect of unaccompanied goods for personal use.

The Panel will:

1. Examine the process and findings of the Government's review into the collection of import GST in respect of unaccompanied goods for personal use.
2. Assess if proposed changes to Goods and Services Tax (GST) in respect of unaccompanied goods for personal use are fair and equitable against the Government's strategic priorities.
3. Evaluate the fiscal soundness of Goods and Services Tax (GST) changes and their potential impacts on revenue raising.

(*Phase 1 correlates to the timeline associated with the review report being presented by the Minister for Treasury and Resources - 30th June 2021. Subsequent Phases will be guided by the timeframe for Government Plan 2022-2025 and draft legislation which once ascertained will enable the Panel to examine proposition detail.)



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