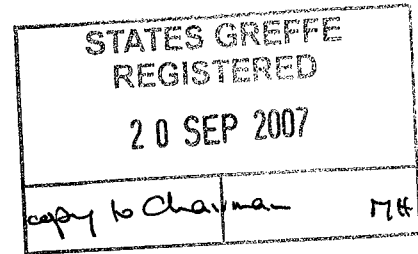


INSTITUTE OF DIRECTORS
JERSEY BRANCH

513/3 (4)

Deputy P D J Ryan
Chairman, GST Sub Panel
Scrutiny Office
States Greffe
Morier House
St Helier
Jersey
JE1 1DD



17 September 2007

Dear Deputy Ryan

Goods and Services Tax: de minimus level on importation of goods

Further to my letter of 14 August 2007 the sub committee has now had an opportunity to consider your letter of 16 July 2007 and we respond as follows.

The IOD has a broad membership covering most types of businesses in Jersey. If all our members were to respond individually then we expect that a range of answers would be received. We have therefore confined this response to the principles that we believe should be at the heart of the decision. These are as follows:

The key issue for business is that the administrative cost of the assessment and collection of GST should be kept to a minimum and for the objective to be achieved a thorough cost benefit analysis needs to be undertaken. Such an analysis should indicate the optimum de-minimus level. Currently the top end of the indicative range, £500, would generate tax of £15 and therefore the administrative costs of assessment and collection needs to be below this. Administrative costs in Jersey are generally very high and a cost-benefit analysis may indicate that a £500 de minimus may not be sufficient, but without access to information it is difficult to comment in any detail.

We appreciate that local retailers are concerned that a high threshold will encourage increased internet sales. However purchases via the internet are a growing phenomena with the rate of growth set to increase substantially in future years. There are many Jersey-based organisations who are engaged in e-commerce and who are benefiting from this trend and making a significant contribution to the local economy. In the context of internet and catalogue shopping the comments of the Air Express Operators Group ("AEOG") are very relevant. We believe that their submission to Senator Le Sueur gives useful evidence of the administrative impact of setting too low a threshold and recent experience overseas does indicate that governments are increasing their thresholds on mail order and personal allowance imports to ensure that the assessment and collection costs, which should include

THE BUSINESS LEADERS

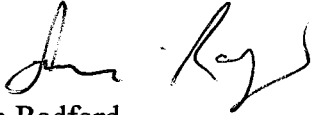
Chairman: Simon Radford. Secretary: Kirsten Higgins
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training and information technology, are fully recoverable from tax receipts on each consignment.

Our view is that we would favour a simplified approach with minimum impact on business, with low administration costs and the highest possible de-minimus level. We would encourage Scrutiny to request more information from the States on the budgeted costs and revenue so that a more meaningful examination can be made.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Radford', written in a cursive style.

Simon Radford
Chairman