

STATES OF JERSEY



DRAFT PRICE INDICATORS (JERSEY) REGULATIONS 200- (P.14/2008): AMENDMENTS (P.14/2008 AMD.)– COMMENTS

**Presented to the States on 11th March 2008
by the Economic Affairs Scrutiny Panel**

STATES GREFFE

COMMENTS

The Panel has considered the practical effect that this amendment would have on everyday purchases.

Under the GST pricing regime outlined in the Draft Price and Charge Indicators (Jersey) Regulations 200- for exempt (exclusively priced) items such as food, newspapers, etc., where 3% is added at the till, if a person bought a Jersey Evening Post (JEP) for 45p they would have to pay 1.35p GST, as Senator Norman notes. When buying a single JEP, the consumer would actually pay either 1 or 2p extra. If someone buys 10 JEPs for his co-workers, he will have to pay 13.5p GST – in practice 13 or 14p.

Senator Norman's amendment would *fix* the GST cost per JEP at either 1 or 2p.

Under this amendment, if someone were to buy 10 JEPs he would pay 10 x 1p (10p) or 10 x 2p (20p) in 'GST' – either figure bearing little relation to the actual amount that the retailer will have to pay to the States.

Senator Norman's amendment brings in variations to the rate of GST charged. Effectively, the GST rate on small pre-priced purchases would no longer be 3%, but would vary with the cost of the item, drifting further from 3% as prices become smaller.

This amendment is not keeping with the spirit of the Law, that 3% tax be payable by the consumer. The Panel therefore cannot support this amendment.

In addition, the Panel has consulted with the business community in respect of this amendment, and has concluded that it will have significant cost implications for some retailers, while satisfying no basic needs for the consumer.