

# STATES OF JERSEY



## GOODS AND SERVICES TAX: RECEIPTS

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Lodged au Greffe on 13th May 2008  
by Deputy G.P. Southern of St. Helier

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STATES GREFFE

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

to request the Minister for Treasury and Resources to bring forward for approval within 18 months the necessary amendments to the legislation governing the Goods and Services Tax to require a registered person to state on any receipt concerning a supply of goods or services how much GST has been charged on the supply.

DEPUTY G.P. SOUTHERN OF ST. HELIER

## REPORT

Members will be aware that the Economic Affairs Scrutiny Panel's Report on the Draft Price and Charge Indicators (Jersey) Law 200- (S.R.16/2007) published in September 2007 made the case for two fundamental rights for consumers –

- the right to see clearly the price that will be paid for goods, and
- the right to know how much tax is being paid.

The first of these rights, the right to know the price to be paid, was put in place when the States endorsed the Price and Charge Indicators Law making inclusive on-the-shelf pricing mandatory, albeit watered down by the Minister for [Economic Development](#)'s amendments to create exceptions. Under the Minister's intended system of 'mostly inclusive' pricing, however, it is not made clear to consumers what level of tax is being paid on each purchase, or overall. In the absence of a clear statement of the tax being paid, inclusive pricing is exposed to accusations that it is in effect a 'stealth tax'.

The second "right" was brought to the States in the Economic Affairs Scrutiny Panel's amendment to the Goods and Services Tax (Jersey) Regulations 2007 (P.42/2008). This failed narrowly to get the approval of the Assembly by 23 votes to 21 on 29th April of this year.

Members should be reminded that GST is a tax on the consumer, not on the retailer. To reduce the spending power of Jersey consumers by 3% is a significant move by the government. The Panel believed, and I remain convinced, that it is the duty of the government to tell the public, clearly and unequivocally, how much tax has been taken from their weekly shopping bill. To fail to do so would be unfair, and, I believe, unjustifiable.

This is a matter of consumer protection. Just as the total price to be paid by the consumer is marked on the shelf, so the total tax paid should be marked on the receipt. Indeed, just as the public are informed of how much income tax they pay, and how much [Social Security](#) has been deducted from their wages, they also have a right to see how much GST they are paying to the government in any transaction.

Many members of the public have expressed their astonishment to me that members failed to endorse this proposal when it came to the Assembly. It seems to them that the right to have the total GST tax taken on any receipt is one that barely needs argument, so obvious is it. Several members have expressed support for the measure since its narrow defeat, and have encouraged me to give the amendment a second go. Very little was said in the debate about the principle of the issue, indeed the Minister for Treasury and Resources was generally in support of the principle, as the Minister for Economic Development has been when questioned on other occasions in the house. The core of the debate revolved around two issues –

- the retailer scheme
- the timing of the debate.

Here again, I must draw members' attention to the nature of the proposal. It is a matter of consumer protection. It has nothing to do with the relationship between the government and the retailer and the mechanism by which the tax is collected, reported and accounted for, whether a simplified "retailer scheme" or otherwise. That is for them to agree. Nor does it impinge upon the business of GST (or VAT) invoicing.

The proposal simply asks that, where a receipt is issued (and it does not make receipts mandatory), then the GST paid on the transaction should be clearly marked. In the words of the Minister for Treasury and Resources –

*"It is also quite likely that many Jersey businesses may choose to display on any till receipts they issue the element of GST within that total."*

This has been demonstrated by the C.I. Co-op, who has already stated that GST will be shown on their receipts as a matter of course (and incidentally good consumer relations).

It was the second issue, that of the timing, that may have swayed many members to vote “contre” on the day. Again, I quote the Minister’s comments from the second paragraph –

*“to suggest a fundamental change to the Regulations, an amendment which would require implementation in a matter of days, can only be regarded as irresponsible, and, impossible to action in a sensible practical manner within that timescale.”*

and much later on –

*“Finally even if some Members feel that despite all this, Jersey should ‘plough its lone furrow’, they should appreciate that the timescale means that to implement a change of this magnitude in less than 2 weeks is simply not feasible.”*

Currently, the vast majority of businesses provide receipts as matter of course, and those that do not will provide one on request, as the Director of Consumer Protection stated in his evidence to the Panel –

*“Certainly there are not many that do not [give receipts] because if you have to take goods back or you have a problem with them, what will the trader say to you? Can I see your receipt, please? The vast majority of traders, let us face it, do give receipts.”*

All that this Regulation requires is that any receipt must clearly show the total GST paid on that transaction. The fact that consumers will be reminded of this tax every time they visit a shop may also act as a disincentive to future governments to increase the level of taxation, and encourage them to seek alternative methods of balancing budgets.

I recognise that to display the GST paid on receipts may require a certain level of investment from retailers and businesses; however, I believe that most businesses registered for GST (those with a turnover greater than £300,000) would be in a position to make the relatively modest investment necessary. Businesses under the GST registration threshold should consider the additional costs of providing receipts showing GST when deciding whether or not to register.

I am therefore returning this proposition to the Assembly, with a revised timeframe so that retailers and the government can adjust to its requirements appropriately.

There are no significant financial or manpower implications for the States arising from this proposition. Some additional regulatory responsibilities might fall on the Consumer Protection section of the [Economic Development](#) Department. Any such costs could be met from within existing cash limits.