

STATES OF JERSEY



GOODS AND SERVICES TAX: PRICE MARKING LEGISLATION (P.99/2007) – COMMENTS

Presented to the States on 11th September 2007
by the Minister for Treasury and Resources

STATES GREFFE

COMMENTS

Over the past 3 years and more, the States has consulted widely on the various issues concerning GST, which I remind Members is only one part of our agreed Fiscal Strategy. We have listened to the views of the public and the business community and taken them into account in our deliberations.

The policy for pricing goods at the retail level has been a particular subject of prolonged debate. The number of traders who have indicated that they prefer prices to be displayed inclusive of GST and those who would like price indications to be exclusive (with GST added on as an additional item at the till), have been roughly equally divided.

The GST Regulations (under Article 94 of the Law) require the pricing policy of the retailer to be effectively brought to the attention of the customer before goods are purchased. Price marking must be unambiguous, easily identifiable and clearly displayed.

The Regulations place the onus on the registered person (the shopkeeper) to ensure that the customer is made fully aware of the price he or she is being asked to pay before he or she makes a purchase. I believe this is the right approach.

However, within this requirement, together with the Minister for Economic Development, I have agreed that traders should be allowed to choose which pricing policy they wish to adopt, pending a review one year after implementation of GST, at which time the views of consumers will be taken into account. However, I repeat that whichever route they take, the pricing arrangements must be clearly displayed.

This arrangement will give flexibility to businesses in the short term. It will also provide certainty with regard to their preparations for the introduction of GST – in particular their information technology requirements – while allowing market forces and consumer pressure to shape the final policy. I cannot see how we can be any fairer than that, and indeed members of the Chamber of Commerce, although divided about price marking, seem to be united in applauding the decision to leave the options open for 12 months to let the market influences speak for themselves.

In the 160 or so countries that operate some form of GST, nowhere else has price marking been an issue and I cannot see how it can be a real issue in Jersey. Certainly it should not be a GST 'show stopper'.

We have already decided that GST is the best, or 'least worst', option to secure a successful economic future for Jersey. To now allow a delay in its introduction while we further debate price marking would have serious consequences for Jersey. There is no doubt that any delay in the introduction of GST beyond May 2008 would have serious economic repercussions across all States departments.

If we do not introduce GST next year we will seriously undermine the agreed fiscal strategy. It is critical at this stage to provide the necessary degree of certainty for both the business community and consumers. Indeed, I can confirm that today I have lodged the GST Regulations and the Appointed Day Act which clearly states that the tax will start on 1st May 2008.

States Members should not be sidetracked by an innocent-looking Proposition; the reality is that to approve this Proposition is to seriously undermine the ability of business and government to deliver smoothly and in a timely manner the necessary and agreed measures to implement the agreed fiscal strategy.