

1st August 2007

Deputy P Ryan
Chairman, Corporate Services GST Sub-Panel
Scrutiny Office, States Greffe
Morier House
St Helier
JE1 1DD

Dear Deputy Ryan

Jersey's GST :de minimis level on imports

With reference to your letter of 2nd August 2007 received in my office only on 6th August.

We as an organisation are very aware of the discussion surrounding the appropriate value of the de minimis level which should be set at the time of the introduction of GST in the Spring of next year and have indicated in the past to the Treasury and Resources Minister that we believe it should be towards the lower end of the £100 to £500 band previously declared as the possible range.

We do of course understand "Revenue's" point of view to collect "small" amounts of GST (perhaps under £10 or £12 per transaction) would not be cost effective. We also understand why in the interests of protecting their own business post, courier and freight operators want as high as possible a level with £1000 appearing to be the suggested figure.

We, as a locally owned and controlled tax paying business would be highly concerned if the level is set too high thus affording yet another opportunity to external operators with no loyalty or indeed interest in the Island beyond profit to be given yet another opportunity to under-cut the local market. We indeed would argue that, despite the cost of collection, the fairest level to set the figure at should at least roughly equate to the tax generating level associated with the £18 figure (generating £3.15 in VAT) associated with "exports" from the Island to the UK under their current regime. To achieve this level of tax generation a figure of £105 would appear appropriate. This could of course be adjusted upwards in the event of the £18 UK figure moving over time.

We have been arguing for some time now in a number of contexts that the local Island retail scene, especially that of many High St operators, is extremely fragile and to open them to more pressure from much lower cost based external sellers whether internet based, catalogue based or discount warehouse type retailers could have far reaching consequences for many and could create employment and other problems for the Island.

We hope you find these comments of interest and should you wish to explore this or any other issue in respect of GST with us please do not hesitate to contact us.

Yours sincerely,

Jim Hopley
Chief Executive Designate