

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT**

ANSWER TO BE TABLED ON TUESDAY 11th SEPTEMBER 2007

Question

Further to my written question of 16th July 2007, in particular part (c), would the Minister inform members whether many of the goods and services bought in by States departments will rise in cost once GST is introduced and, if so, would he estimate the value of those goods and services liable to GST at 2007 prices?

Answer

GST registered businesses must treat all supplies of goods and/or services to the States in the normal way (the States does not enjoy any special relief or preferential treatment).

The GST Law requires the States to be registered for GST and classifies the States as a single entity, including any Minister, Department or administration of the States.

As a GST registered entity the States will be able to reclaim any GST it incurs on any goods and services (including imports) that relate to making taxable supplies. In addition, it will be able to reclaim the GST incurred in performance of any States statutory requirements.

As a consequence, the States like any other GST registered entity, will not face any increased costs directly as a result of being charged GST.

This means that the cost to the States of providing both statutory services, and goods and services supplied in the course of, or furtherance, of business will not be affected by GST.