

21.06.08

**4 Deputy M.R. Higgins of St. Helier of the Minister for Treasury and Resources regarding the measures being taken to prevent Value Added Tax (V.A.T.), or equivalent import duties, being charged on goods coming into the Island. (OQ.124/2021):**

Will the Minister advise Members what action, if any, she or her department is taking with Her Majesty's Revenue and Customs and international online trading companies (such as eBay and Amazon) in order for Jersey to achieve recognition as a tax jurisdiction in its own right and thereby prevent the charging of V.A.T. (valued added tax) or equivalent "import duties" on goods coming into the Island?

**Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):**

It is for the U.K. to set the rules for taxes administered by Revenue and Customs, including V.A.T. Nonetheless, Revenue Jersey and Jersey Customs have carried out research to establish what charges are made by offshore retailers on the importation of personal goods into Jersey. An examination of the top 10 offshore retailers by volume indicated only one of them charges V.A.T. and this retailer refunds it on request. Customers are therefore normally able to ensure that they do not pay this charge. The findings of our research work have been discussed with the Jersey Consumer Council. Of course customs duties are a separate issue but since the Customs Union was recently concluded with the U.K., import duty will not arise on goods imported from that country. In addition to this work, I am also considering measures to require the largest offshore retailers to register and account directly for G.S.T. This will further reduce the risk of V.A.T. being charged incorrectly.

**3.4.1 Deputy M.R. Higgins:**

I would like to thank the Minister for her answer and I would like to speak with her regarding the detail. However, it is common practice at the present time for organisations such as Amazon and eBay to charge Jersey residents V.A.T. because we are not designated as a separate jurisdiction from a tax point of view. Guernsey is but we are not and, as a result of this, people are being ripped off. I will ask the Minister again: has she had any contact with Amazon or eBay to try to stop them charging the equivalent of V.A.T.? By the way, when they are challenged, they say it is an import duty and just switch the 20 per cent to that. Will she speak with them or has she spoken with them to deal with this abuse?

**Deputy S.J. Pinel:**

The Deputy refers to quite a considerable amount of people, it is not as common for offshore retailers to be charging V.A.T. as one suspects. In answer to the second part of his question, yes, the Comptroller has already had very successful negotiations with, certainly Amazon, and several others to move forward with these large offshore retailers charging the tax at their end at the point of departure and then returning that tax, the G.S.T. of course, to the Exchequer in Jersey.

**3.4.2 Deputy M. Tadier of St. Brelade:**

The question to the Minister - and I would disagree incidentally that it is very common for V.A.T. to be charged and not always easy for it to be refunded - is it the case currently that when a product is imported and V.A.T. has been charged on that, that G.S.T. will be added on top of the full price which includes the V.A.T. and does the Minister think that is fair, if so?

**Deputy S.J. Pinel:**

No, of course it is not fair. We understand that which is why we are making moves to deal directly with the offshore retailers so that this does not happen. But, as I said in my opening remarks, there is only one offshore retailer out of the 10 that import to Jersey who does tend to charge V.A.T. and they can refund it; it is refundable.

### **3.4.3 Deputy M. Tadier:**

I think that we are at risk of talking at cross-purposes because I think the problem is whoever sells the item can be different from the intermediary like Amazon that despatches it. I think it is certainly not just one retailer who charges V.A.T. to people. The question is, if somebody has been charged V.A.T. on an item and they are required to pay the G.S.T. to pick that item up and, irrespective of whether they can or cannot reclaim the V.A.T. off the retailer, is there a mechanism and will the Minister make sure there is a mechanism to reclaim the G.S.T. that has been paid on the V.A.T. in order to avoid double taxation?

### **Deputy S.J. Pinel:**

Yes, this is exactly what we are trying to do at the moment with all the negotiations that are going on. But some companies, and I will not mention them by name because it is not appropriate, charge the same wherever they market. So whether they are marketing in the U.K., France or Jersey they charge the same prices.

### **3.4.4 Senator S.C. Ferguson:**

Can the Minister confirm that we have signed agreements with people like Amazon to deduct the V.A.T. on the retail price from England and to withhold the G.S.T. on goods being sold into Jersey? Is this signed and sealed or is it still being discussed?

### **Deputy S.J. Pinel:**

Yes, as I said earlier, it is still being discussed. Of course, there was a certain anticipation in this inasmuch as when Australia - I know it is not necessarily comparable - went into discussions with Amazon about this, Amazon then refused to deliver to Australia. So it has been very delicate negotiations but, as I mentioned earlier, they are going very well and Amazon in particular seem to be very onside with collecting the G.S.T. at the point of exit from whichever country they are exiting.

### **3.4.5 Senator S.C. Ferguson:**

All this withholding tax, so-called, or import duties, who gets the money?

### **Deputy S.J. Pinel:**

Well it is linked, as I also said in my opening remarks, with the U.K. who decides the charges and then the Treasury will receive eventually some of the import duty money.

### **3.4.6 Deputy M.R. Higgins:**

Because of the complexity of this and to give an example, in the case of one of these companies, when they were challenged about the V.A.T., simply added 20 per cent as an import duty but that money did not go to Jersey, it has just gone in their coffers. Will the Minister publish online: Jersey, the current position and what they are trying to achieve so all members of the public can understand what the current situation is and what the Government are trying to achieve?

### **Deputy S.J. Pinel:**

Yes, we can explain the current situation online but obviously we cannot go into detail about the current negotiations until such time, as Senator Ferguson referred to, that they are signed, sealed and delivered.