

# Corporate Services Scrutiny Sub Panel

## GST Review

2nd meeting, dated 9th June 2006

Present Deputy P J D Ryan, Chairman  
Connétable D Murphy  
Connétable M. Jackson  
Apologies Connétable J L S Gallichan  
In attendance Mr M Haden, Scrutiny Officer

Ref Back	Agenda matter	Action
1.	<b>Minutes</b> The Minutes of the meeting held on 12th May 2006 were approved as a true record	
2.	<b>Discussion</b> The Sub Panel received a briefing note from the adviser and discussed the following issues -  (a) <b>Exclusions:</b> it was agreed that the Treasury's argument for a simple, broad-based tax with few exclusions needed to be carefully scrutinised. In particular, it was necessary to examine the impact of GST on the lower paid and the elderly if zero-rating is not applied to basic foodstuffs and medical supplies/services.  The Sub Panel received a note prepared by Crown Agents regarding their estimation of the effect of excluding certain items from the GST base. It was noted that the Housing Expenditure Survey, which was due to be published by the Statistics Unit in July, would be used to validate the figures used in this estimation.  It was also noted that Senators Syvret and Shenton were preparing an amendment to the GST law on this issue.  (b) <b>General rate of GST (article 8)</b> The Sub Panel was advised that there was no practical difference between placing the GST rate in the primary law or in regulations since this was a taxation law and thus would not have to be vetted by the Privy Council. It was accepted that clause (4), which guaranteed the rate for the first three years, was a political decision. The clause could, in theory be deleted by the States if this was considered necessary before three years had elapsed.  (c) <b>Alternatives to GST</b> - Although it was recognised that the States had decided to opt for GST, Constable Murphy requested that the alternative of a simple retail tax, as operated in the USA, should at least be investigated.  (d) <b>Treatment of commissions on international boat sales</b> - Constable Jackson raised queries on this issue. It was agreed to request clarification from the Treasury.	

	<p>(e) <b>Avoidance</b> - It was agreed that the issues of enforcement, the potential for fraud and resource requirements for investigations and policing should be investigated.</p> <p>(f) <b>Payment point</b> - It was felt that this would be an important consideration for businesses.</p>	
3	<p>The Sub Panel received an update report from the Scrutiny officer and noted -</p> <p>(a) List of letters calling for evidence from businesses and representative groups</p> <p>(b) Letter dated 2nd June 2006 from Jersey Finance on the finance industry consultation process.</p> <p>(c) Summary of consultation received to date</p> <p>(d) The following proposed dates for public hearings -</p> <ul style="list-style-type: none"> <li>• <b>12th July</b></li> <li>• <b>20th July</b></li> <li>• <b>3rd August</b> (provisional, if considered necessary)</li> <li>• <b>14th September</b></li> </ul> <p>It was noted that the provisional dates previously proposed, 27th and 28th June, were now considered to be premature and that it would be better to study the written submissions before inviting any specific witnesses to attend a public hearing.</p> <p>It agreed to invite Gary Conlon, Crown Agents, and the Law Draftsman to attend the meeting on <b>12th July</b> in order to discuss the details of the draft law.</p>	

Signed

Date

.....  
Chairman, Corporate Services Panel

.....