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The Jersey Electricity Company Limited

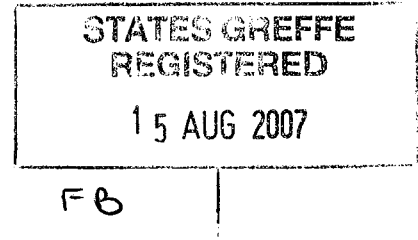
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Ref: MJL/JR

14th August, 2007

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



Dear Patrick

JERSEY'S GOODS & SERVICES TAX: DE MINIMIS LEVEL ON IMPORTS

Thank you for the opportunity to comment on GST de minimis policy. As a major Island retailer we are concerned at any move by Government which would put us in an uncompetitive situation. In our own market, we already see regular adverts in the JEP from UK based wholesalers, able to ship into the Island, naturally without VAT. A high de minimus threshold, will mean that we will be at a further 3% price disadvantage, which will lead to natural concerns about damage to our business, related jobs etc. Conversely, a low de minimus threshold will place us in a neutral position, and our opportunities to compete will not be reduced. As such, and whilst we understand the needs of the courier industry to avoid unnecessary administration etc, we can see little logic for having a de minimus amount any different from the UK, at £18. In regards to the administration, it is clear to us that the fulfilment Industry have successfully created straight forward processes to deal with VAT payments for goods going into the UK, and we can see no reason why the process cannot successfully be reversed.

We would also point out that the value of goods coming from the UK continues to grow, which will lead to a continuing reduction of revenue to the Treasury. As an example we would draw your attention to Page 90 of the 2004/5 report on the Jersey Household Expenditure, which analyses imports in particular markets and gives good guidance as to the significant losses which would be incurred if a high de minimis level was to be set.

Yours sincerely,

M.J. LISTON
Chief Executive



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