

R O M E R I L S

Kitchens

*Domestic
Appliances*

Bedrooms

*Curtains &
Soft
Furnishings*

*Bl. &
Curtain
Poles*

*Bathrooms &
Accessories*

*Tiles &
Flooring*

*Paint &
Wallpaper*

*Fireplaces &
S*

Lighting

Tools & Fixings

Ironmongery

*Electrical
Accessories*

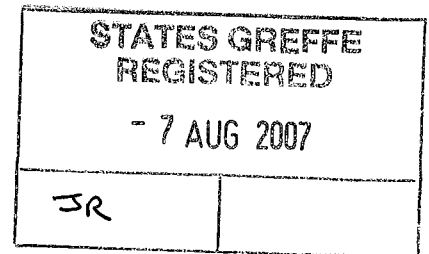
*Plumbing &
Heating*

*Building
Materials*

MS/JF

06th August 2007

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



Dear Deputy Ryan

Re: GST: de minimis level on imports

Thank you for your letter of 16th July 2007 concerning the de minimis levels on importation of goods with regards to the Goods & Services Tax.

I stated in my presentation some 12 months ago that the de minimis level is a very critical aspect of the GST implementation.

The main issues surrounding this debate are:-

1. The retail business in the Island is suffering badly with increased "non Island" competition, especially from the internet.
2. The competition arising from the larger buying power of major uk corporations.
3. The inexorable rise in freight and shipping costs.
4. The higher you set the de minimis limit the wider the range of goods become available to the consumer excluding GST, customers will then import, so retail business drops off and shop closures result.
5. If imports increase and the sales of local operators decline, then GST revenue will decline and the £45 million required will not be achieved.

Let me now comment on the Air Express Operators Group.

1. We believe AEOG will benefit from the progressive rise in internet trading. They will have the benefit of increased volumes and higher operating margins to help cover the increased costs. Retailers, conversely will have contracting volumes yielding lower margins.
2. We understand the problems of collection of GST. That is no reason to increase the de minimis level.
3. The suggestion of charging all retailers the increased cost of operating their business is inflationary, manipulative and unacceptable, making the Jersey retail economy even more likely to decline at a greater rate.

The de minimis level should be set at a realistic figure somewhere between £100 and £200. This may retain more local shopping and save the AEOG some of the problems they envisage will happen with a large volume of small transactions.


Without a realistically low level a large part of our retail business is seriously threatened. The areas most at risk are tools, fixings and white goods, where there is competition from mail order & e-trading from the mainland. These are low margin sectors that require large capital investment in buildings to display and store the products. Any further reduction in either volume or margin will mean their removal from our portfolio.

A low de minimis level will minimise the tax lost to the Government (both GST and income tax).

The tax is highly regressive & unnecessary if Government had any will to control its costs, and most of all will be inflationary across the whole Island.

Yours sincerely



 M. L. Lewis
Director

c.c. Chamber of Commerce