

# Corporate Services Scrutiny Sub Panel

## GST Review

1st meeting, dated 12th May 2006

Present Deputy P J D Ryan, Chairman  
Connétable D Murphy  
Connétable J L S Gallichan

Apologies Connétable M. Jackson

In attendance Senator J L Perchard,  
Mr M Haden, Scrutiny Officer  
Mr. R. Teather, Expert adviser

Ref Back	Agenda matter	Action
1.	<p><b>Discussion</b></p> <p>The Sub Panel met with its adviser to discuss the key issues to be considered in the review and potential witnesses.</p> <p>It was noted that Constable M. Jackson had agreed to join the Sub Panel but that Deputy A. Breckon had declined through the pressure of other workload.</p> <p>The Sub Panel discussed key issues for the review with its expert adviser and identified the following matters for consideration -</p> <ol style="list-style-type: none"><li>1. Statement that Crown Agents research last year shows that the actual benefit derived from exclusions of basic foodstuffs etc is very low - only £80 per year; higher income bracket benefit most. (see page 5, Summary document)<ul style="list-style-type: none"><li>• Is this true for Jersey where prices are less competitive?</li><li>• Further information has been requested.</li></ul></li><li>2. Items for zero-rating<ul style="list-style-type: none"><li>• Could local items, eg milk be zero-rated?</li><li>• Would some exclusions bring about pressure for further items to be excluded?</li></ul></li><li>3. Treatment for Financial services industry (see Schedule 5 for definition of financial supplies)<ul style="list-style-type: none"><li>• Would zero-rating be better than exemption (note New Zealand recently moved to zero-rating)?</li><li>• Yield of £5-10 million adequate from financial services industry?</li><li>• Anti-avoidance measures</li></ul></li><li>4. Compliance costs for government and businesses</li><li>5. Design of the law<ul style="list-style-type: none"><li>• Should GST rate be in primary legislation or Regulations?</li></ul></li></ol>	

	<p>6. Impact of GST on inflation</p> <ul style="list-style-type: none"> <li>• Could indirect taxes be used as an additional option to reduce inflationary pressures?</li> </ul> <p>The Sub Panel agreed that it was important to call for submissions from a broad representation of groups across the Island and requested that a letter be sent to a list of consultees.</p> <p>It was agreed that the time limit for submissions would coincide with the Treasury's own consultation period. The deadline therefore would be 20th June 2006.</p> <p>The Panel agreed provisional dates for public hearings on 27th &amp; 28th June and 12th &amp; 13th July 2006, with further hearings to be decided as necessary. These dates to be in co-ordination with the hearings for review of the Zero/ten design proposal.</p> <p>The Panel requested that a press release be prepared for issue early the following week and for a formal notice of the review to be inserted in the Jersey Evening Post.</p>	
2	<p><b>Presentation from Treasury and Resources Minister</b></p> <p>The Sub Panel was joined by members of the Sub Panel for Zero/ten review and Deputy J. Gallichan, for a confidential discussion with the Treasury and Resources Minister, who was accompanied by the Comptroller of Income Tax, the Director of International Finance and Mr B. Coutanche, Crown Agents, attended the Panel on</p> <ul style="list-style-type: none"> <li>• GST Financial Services Consultation paper</li> <li>• Zero/ten design proposal</li> <li>• 20% means 20% proposals</li> </ul>	

Signed

Date

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Chairman, Corporate Services Panel

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