

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2018 (P.90/2017): SIXTH AMENDMENT

Lodged au Greffe on 15th November 2017
by Senator P.F.C. Ozouf

STATES GREFFE

PAGE 2, NEW PARAGRAPH (e) –

After paragraph (d) insert the following new paragraph –

- “(e) to request the Minister for Treasury and Resources: (i) to undertake a programme of engagement and awareness-raising with UK or EU digital service suppliers to ensure that they levy GST rather than Value Added Tax on sales to Jersey customers, where appropriate, in accordance with Low Value Consignment Relief arrangements; and (ii) to make available from the Contingency budget the resources required by the Comptroller of Taxes to ensure that this work is undertaken without affecting progress with other work-streams.”.

SENATOR P.F.C. OZOUF

REPORT

This proposal aims to reduce the cost of living of Islanders for Digital Services.

Currently, Jersey residents who purchase Digital Services are more often than not charged the UK VAT 20% or an equivalent EU VAT rate.

Unlike goods bought online, the VAT 20% paid is remitted to Her Majesty's Revenue and Customs in the United Kingdom ("HMRC") or the EU equivalent.

Examples of large popular UK and EU Digital services companies who supply to Jersey at UK VAT 20% rates –

1. Apple Store
2. Cineworld Group
3. Google Store
4. Microsoft
5. Spotify
6. Amazon Prime
7. NetFlix.

Sky, if asked, does not apply UK VAT, but they have to be specifically asked not to do so.

This is an issue which needs to be dealt with.

The amount of Digital Services purchases is increasingly exponentially.

There is a need for a proactive and positive strategy of engagement and awareness-raising with those and major UK retailers who sell into Jersey, to attempt to alert them of our own sales tax rules.

I understand that such retailers should be provided with help and guidance so that the correct sales taxes are applied.

If necessary, I invite the Minister for Treasury and Resources to bring any legislation which is deemed necessary to require and encourage compliance with both UK and Jersey Tax, at the latest in next year's Budget.

Financial and manpower implications

It is difficult to know exactly how much would be required. The proposition proposes consultation with the Minister for Treasury and Resources, and the Treasurer of the States is delegated and authorised to apply from the annual contingencies (shown in Figure 40). Any funding and resources necessary are made available to the Comptroller of Taxes to ensure all available resources are available to achieve this task without reducing any other work in the Treasury, and without further recourse to the Council of Ministers, but to report any such allocations to the Assembly through the existing reporting arrangements.