

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2018 (P.90/2017): FIFTH AMENDMENT (P.90/2017 Amd.(5)) – AMENDMENT

**Lodged au Greffe on 22nd November 2017
by the Minister for Treasury and Resources**

STATES GREFFE

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For the inserted new paragraph (e), substitute the following –

- “(e) to request the Minister for Treasury and Resources: (i) to undertake a programme of engagement and awareness-raising with UK firms that charge Value Added Tax (VAT) on goods delivered to Jersey to encourage them to levy the correct sales tax; (ii) to explore with those businesses the opportunities for those businesses to collect any GST due from the consumer and remit that GST directly to the Taxes Office in order to expedite the delivery of the goods; (iii) to report on progress with this work by 10th April 2018; and (iv) to make available from the Contingency budget the resources required to ensure that this work is undertaken without affecting progress with other work-streams.”.

MINISTER FOR TREASURY AND RESOURCES

REPORT

With reference to Senator P.F.C. Ozouf's fifth amendment ([P.90/2017 Amd.\(5\)](#)) to the [Draft Budget Statement 2018 \(P.90/2017\)](#): the Council of Ministers recognises the frustration experienced by Islanders when they purchase goods from, predominantly, UK-based retailers, and the UK retailer refuses to remove the VAT charge.

The correct UK VAT treatment, when goods are delivered to Jersey from the UK, is that the UK retailer should charge VAT at 0%, due to the fact that the goods are being sold outside the EU. Many major UK retailers correctly apply this treatment and either charge VAT at 0% at the point of sale, or will permit the consumer to reclaim the VAT at a later date, but unfortunately some retailers continue to charge VAT at 20%.

In light of the frustration experienced by Islanders, the Treasury proposes to identify and then engage with those UK retailers who appear to apply the incorrect VAT treatment, in an attempt to encourage them to apply the correct VAT treatment when delivering goods to Jersey. The Treasury is, however, realistic regarding the likelihood of "complete success" (particularly where Islanders are purchasing from smaller and/or niche retailers), and notes that there is little that can be done beyond pro-active engagement (for example there is no legislative change that can be passed by the States Assembly that would directly impact on the UK VAT treatment applied by UK-based retailers).

The Council of Ministers does not consider it a good use of resources to seek to quantify the amount of UK VAT being paid by Islanders, as it is unclear what value would be added through such a quantification process. Instead, the focus should be wholly on seeking to engage with those retailers who do charge VAT at 20%.

While engaging with these major UK retailers, the Treasury will explore the opportunity for entering into a voluntary process under which (where goods delivered to Jersey exceed the GST *de minimis* threshold) the retailer charges GST and remits that GST directly to the Jersey Taxes Office, helping those goods to clear Customs without being detained, shortening delivery times and improving the customer experience, whilst ensuring the collection of GST in an efficient manner.

Collective responsibility under Standing Order 21(3A)

The Council of Ministers has a single policy position on this proposition, and as such, all Ministers, and the Assistant Minister for Treasury and Resources, are bound by the principle of collective responsibility to support the proposition, as outlined in the Code of Conduct and Practice for Ministers and Assistant Ministers ([R.11/2015](#) refers).

Financial and manpower implications

As the underlying amendment proposes that any costs incurred from the engagement programme with UK retailers are to be met from central contingency allocations, there are no further financial or manpower implications arising from this particular amendment.