



Senator Steve Pallett  
Scrutiny Panel  
Morier House  
Halkett Place  
St Helier  
JE2 4UA

10 June 2021

Dear Senator Pallett

### **GST Review**

As Chairman of the Jersey Consumer Council, I welcome the opportunity to provide the Scrutiny Panel with the views of both the Council and many members of the public who have contacted us, all of which were forwarded to the Treasury Department.

In March, we wrote to the Treasury Minister detailing our concerns of the GST review on unaccompanied goods purchased by personal importers, highlighting that the timing of the announcement lacked empathy for Islanders who are still facing considerable difficulty caused by the pandemic.

At that time, the Treasury Department was under the impression that middle and high income earners were responsible for the majority of imported goods – an assumption which we strongly challenged. From the correspondence we have received, consumers from all income levels enjoy, and many rely on the availability, choice and price of goods purchased online.

We have held further conversations with the Treasury Department and are glad that some of our feedback has been taken on board. We refute the Treasury Minister's claim that adding GST to all personal imports 'levels the playing field', and understand that a minimum level of between £40-£60 has now been proposed to the States Assembly.

Our main concerns remain as set out below.

### **Lack of competition and choice**

Our biggest concern is that retailers will simply stop selling to Jersey. The market size we offer many of these large retailers is possibly too small to warrant them changing their cost systems and processes.

As in the UK, it's clear to see that our own High Street has become a victim of the pandemic with many large store premises now vacant. This has already reduced choice for Islanders. Competition is an essential and healthy part of the economy, and with less availability in the Island, local consumers should be able to purchase goods off island without being penalised.

We accept that, due to economies of scale, global companies like Amazon are able to offer better prices, but many smaller UK retailers often provide more competitive prices than can be found locally. If these options are taken from consumers, the Island returns to the 'captive market' it was before internet shopping became the norm.

### **Charging VAT**

The Treasury Minister recently announced that following investigations, the department found that only one of the top ten retailers charged VAT, which differs to previous discussions. We asked for a list of these retailers but Department was not forthcoming. Following information received from consumers, we have created and forwarded a list of retailers who are charging VAT, which includes:

Accessorize

Amazon (depending on the supplier)

ASOS

Bon Marche

Boots

Edinburgh Woollen Mills

IKEA (don't deliver directly to Jersey but will not remove VAT on arrival even if freight is organised)

Look Again

Marks and Spencer

Simply Be

Studio

VAT should not be charged to Jersey consumers and during our discussions with the Treasury Department we have urged them that whilst corresponding with retailers they emphasis this fact and request that VAT is removed from the purchase price.

It appears that many of these retailers use the UK Retail Selling Price (RSP) as a reason to keep the UK price, rather than removing the VAT. Freight costs are often cited as the reason the VAT equivalent remains, but we argue the cost of shipping items to the Isle of Man, Isles of Scilly and Hebrides, where VAT is chargeable, will be similar to those to the Channel Islands. The added complication caused by Brexit has seen a surge in VAT and delivery related enquires.

We reject the Treasury's view that this is a consumer issue and that we should 'vote with our feet'. Local consumers don't have sufficient choice to be able to take this action. In our letter to the Minister, we stated that if this situation went unchallenged, the Government would be allowing an unlevel playing field to be created which favours local retailers and double taxes local consumers. The Government has a duty to represent Islanders' interests at all times, not just retailers.

### **Benefit vs cost and effort**

We're told that the additional GST is estimated to raise £1.2m pa and question the value versus cost and effort, the risk of retailers switching off Jersey and cost of continuing with the review.

The huge increase in online shopping caused by Covid, as well as problems created by Brexit, means that Customs teams are dealing with around 14,000 consignments a day, both private and business related. Many Islanders experience great difficulty getting dedicated support from the Customs team when parcels arrive and need GST declarations, and the online Customs tool 'Caesar' needs to be updated and made more user friendly.

Adding more GST declarations and delays to the delivery of parcels will only lead to more consumer frustration and Customs workload, potentially requiring more staff. We are concerned how much of the £1.2m tax-take will remain after these changes are made.

Yours sincerely,



Carl Walker

**Chairman, Jersey Consumer Council**