

Corporate Services GST Sub-Panel

THURSDAY, 20th JULY 2006

Review of GST

Panel

Deputy P.J.D. Ryan of St. Helier (Chairman)

Connétable D.J. Murphy of Grouville

Connétable J. Gallichan of Trinity

Connétable M.K. Jackson of St. Brelade

Mr. M. Haden (Scrutiny Officer)

Jersey Dental Association

Jersey Medical Society

Witnesses

Dr. G. Ince, Jersey Medical Society

Claire Morvan, Jersey Dental Association

Graham Atkins, Jersey Dental Association

Deputy P.J.D. Ryan:

Well, good morning and welcome. I feel a little bit as if I am in front of the Medical Council with eminent doctors and, you know, perhaps you should be interviewing me. There are a couple of little sort of -- a process I have to go through to just read out the terms of reference. There is a copy in front of you there. Not so much the terms of reference but the law, so to speak. It is slightly formal so I apologise for that, but I have to read this out to you. It is important that you fully understand the conditions under which you are appearing in this hearing. You will find a printed copy of the statement I am about to read to you in front of you. Hopefully it is there. The proceedings of the Panel are covered by parliamentary privilege through Article 34 of the States of Jersey Law 2005 and the States of Jersey Powers, Privileges and Immunities, Scrutiny Panels PAC and PPC, Jersey Regulations 2006. It sounds very grand, does it not? Witnesses are protected from being sued or prosecuted for anything said during hearings unless they say something that they know to be untrue. This protection is given to witnesses to ensure that they can speak freely and openly to the Panel when giving evidence without fear of legal action, although the immunity should obviously not be abused by making unsubstantiated statements about third parties who have no right of reply. The Panel would like you to bear this in mind when answering questions. The proceedings are being recorded and transcriptions will be made

available on the Scrutiny website, or to yourselves in case there are accuracies or inaccuracies that you would like us to just correct for the record afterwards. That can be made on -- if you make a request to our scrutiny officers, they will provide you with transcriptions rather than on the website. Okay. Good morning to all 3; lady and 2 gentlemen. As you probably know, we are carrying out a review of the proposals for the new GST law that will come in, in 2008, and particularly -- and we have got wide terms of reference. I do not know if you have seen them, but they cover just about anything to do with GST so they are fairly wide ranging. Obviously one of the things that we are looking at is the level to which various sectors should be either exempted or zero rated or whether there should be some kind of special treatment or other. I think maybe that is what we should focus on with yourselves, whether there should be any treatment for dentists, general practitioners, health service provision. We have seen the Family Nursing and Healthcare earlier this morning, a very interesting discussion there, and some charities. They are more on the charity side. But, so there is -- now we have asked you to see us and first of all do you mind if I call you Greg?

Dr. G. Ince (Jersey Medical Society):

Please do.

Deputy P.J.D. Ryan:

I have done since I was that high so I do not intend to change. **[Laughter]**

Dr. G. Ince:

Please do.

Deputy P.J.D. Ryan:

You are Vice Chairman of the Negotiating Committee, Jersey Medical Society. I am trying to establish who is representing whom here.

Dr. G. Ince:

That is right, the Negotiating Committee. That has got a rather old fashioned name. It is really just sort of the Executive Committee of the Society.

Deputy P.J.D. Ryan:

Right.

Dr. G. Ince:

Between myself and the Negotiating Committee Chairma, who is Roger Porcherot, we farm out different issues so we do not duplicate.

Deputy P.J.D. Ryan:

Okay, lovely. Thank you. Claire, you are representing the dental?

Ms. C. Morvan (Jersey Dental Association):

That is it. I am President of the Jersey Dental Association.

Deputy P.J.D. Ryan:

Lovely, thank you. **[Interruption]** --

Ms. C. Morvan:

I have brought along my colleague **[Interruption]**, Graham Atkins.

Deputy P.J.D. Ryan:

Right. So, Graham, you are part of the Jersey Dental Association?

Mr. G. Atkins (Jersey Dental Association):

Yes, I am a member and Claire and I happen to be in practice together.

Deputy P.J.D. Ryan:

Okay, lovely. Good morning to you all. First of all, having established who is represented by each group, can you tell us exactly how medical and dental services are offered in Jersey, particularly with reference to how it might differ from the UK? Obviously there are provisions in place in the UK for various reliefs for UK VAT and we would like to cross reference that to see if you can tell us what the difference is. Can I say one thing though? What we are looking for in this Panel overall is evidence. We would like you to -- if you have not brought along any evidence today, we would like to ask you if you can supply us perhaps fairly soon with whatever written evidence that you can on any of the things that you see; facts -- as many facts and figures as possible because the scrutiny process is an evidence based process. We are here to look at the evidence presented by both sides of the particular issue and seek to try to reach a conclusion on the value of that evidence and where it lies and form a decision based on that. Come to a conclusion based on evidence. Now, I would emphasise that and, you know ... So, would someone like to lead off?

Ms. C. Morvan:

Patrick, did you receive my EU manual of dental practice? I popped it into your --

Deputy P.J.D. Ryan:

Yes.

Ms. C. Morvan:

Lovely. If you would like to sort of go to page 279 and also page 291.

Deputy P.J.D. Ryan:

Page 279.

Ms. C. Morvan:

Page 279. It is the start of the: "United Kingdom."

Deputy P.J.D. Ryan:

Yes.

Ms. C. Morvan:

In that chapter on page 291 - both pages open, please - there is a bit about Jersey.

Deputy P.J.D. Ryan:

Okay. Could you take us through that?

Ms. C. Morvan:

Well, the thing that interests me is the fact that in the United Kingdom 40 per cent of dentistry is funded by general taxation. When it comes to the UK, children are allowed to be treated under the tax system. In fact, because children are recognised as people who have not grown up to start working, they have not got their own finances. Even adult -- ordinary, every day working adult, can access the system. It is a limited system and if you look through the other countries I have given you, you can see that all these systems are limited but they are there for the general populace. When you look at the section on Jersey, it is incredibly limited. I will just go through the paragraph on Jersey. First of all, when it comes to children, they only have access to free dentistry from the age of 4 to 11 years. This is page 291.

Deputy P.J.D. Ryan:

Yes.

Ms. C. Morvan:

If you go to the top of that page, third paragraph down, basically children of Jersey have access to free dentistry at the hospital from the age of 4 to 11, not before the age of 4. From the age of 11 onwards they have to pay, or their parents have to pay, for the bulk of their own dentistry as the States of Jersey will only subsidise £6 per month per child. So basically the parents are paying for their own dentistry and the bulk of their child's dentistry. They are already taking that on board and doing that and to tax them 3% for stepping up and paying for their own work just seems a bit harsh and a bit unfair to me. When it comes to adults, oral surgery, that is, like taking out wisdom teeth. They can have that done at the hospital but only people who are particularly disadvantaged, for example the badly handicapped people can be treated free of charge for routine dentistry at the hospital under the community service

there. Otherwise if people really cannot finance their dentistry, they have to go the Constables to see if the Constables have money to help finance their dentistry and this is not as organised. One parish will do one thing and another parish may do another thing, and it depends on the individual finances of the individual parishes. My basic argument, again, is to stress that most people are paying totally for their own dentistry and, furthermore, they are paying for the bulk of their children's dentistry and to be taxed for doing so just does not seem ethical to me.

Deputy P.J.D. Ryan:

Thank you. We have got the Isle of Man here I notice. What happens in the Isle of Man?

Ms. C. Morvan:

We have also got systems on France, Portugal and Poland and it is interesting to note that even countries which are far more strapped for cash than we are seem to provide a little bit extra for their public.

The Connétable of St. Brelade:

Could I ask what your perception of dental costs will be absorbed in the low income system which is effectively going to replace the parish welfare system that presently exists? Have you any communication with Social Security on that?

Ms. C. Morvan:

No, I have not.

The Connétable of St. Brelade:

That will take over from the parishes at present so discretion will go away from the Constables on the, sort of, payments which are taking place sometimes.

The Connétable of Trinity

For the Constables it is usually a one off payment. If someone comes to you and say: "Look, I am just going to the dentist. It cost me £250, I cannot afford it. Can you help me?" I do not know if it is in the low income support scheme.

Ms. C. Morvan:

Well, that is exactly my experience of the system. It is a one-off; it is not continuing care.

The Connétable of Trinity:

No. I agree with that. You know if someone wrote to me it is normally a case of: "We have a problem just for a short time. I cannot afford this bill, can you help me out?" Once that bill is paid we do not see that person again.

Ms. C. Morvan:

There is something for people over the age of 65 on low income and that is a scheme which involves dentists and opticians and they are given a certain amount of money each year but usually pensioners of that age come to me for dentures and the cost of the dentures is far greater than the amount that they are given; and again it is a one-off. So, there is a problem there. There is no safety net.

The Connétable of Trinity:

The other thing I would say that most probably very, very few people who are faced with a large dentistry bill come to the Constable because you would not want it to be known that you can just come to your Constable to pay the dentistry bill .

Ms. C. Morvan:

There is that psychological aspect.

The Connétable of Trinity:

There is that, yes. I am saying it is only the people we know about who are already being helped by us that tend to come and say: "Well, we have a major problem here."

Ms. C. Morvan:

The other thing is, and I found this in whichever country I have worked in, that the people who need the most help are the people who just do not present themselves. People higher up in the social economic scale tend to just have a little bit more savvy and, you know, can fend for themselves and know what their rights are and know who to ask and what to ask for.

Deputy P.J.D. Ryan:

Dr. Ince, can I ask you about normal medical provision locally.

Dr. G. Ince:

Yes. Do you want me to outline the GP scheme over there or do we assume that you know?

Deputy P.J.D. Ryan:

Yes, I think you need to because it is for the record.

Dr. G. Ince:

Yes, certainly. Once people have lived in the Island for 6 months they are entitled to benefit under the GP scheme run by the Social Security department. What that entitles the patient to is 2 things. First of all, a refund which at the moment is £15 on any medical bill they incur as a result of direct contact with a doctor, so in practice that means either a home visit or a surgery consultation. Secondly, they can get the medicines that we prescribe for a prescription charge at the pharmacy which I think stands at about

£2.10 or £2.20 at the moment. We do work to a restrictive list of medicines, but it is a perfectly comprehensive list that does not in any way restrict our practice. So, the patients pay the balance of the consultation fee themselves. Do you want me to go through average consultation fees?

Deputy P.J.D. Ryan:

Yes. I think so, yes.

Dr. G. Ince:

Well, the average consultation fees I have not brought the necessary documentation with me because I was not quite sure what I was going to be asked this morning, but the approximate fee balance would be about £25 which the patient would then have to find themselves, and for a home visit it could perhaps about £50 that they would be finding themselves. Having said that, practices do vary and certainly the emphasis these days is much more on seeing patients in the surgery rather than at home as it was when I first came back to the Island some 30 years ago. What we have found increasingly over the years, and the Social Security Department's statistics will confirm this to you, is that we are increasingly having to discount our surgery fees in order to facilitate and not dissuade patient consultations. The emphasis these days is on preventative care. Again, years ago when I qualified you treated people with heart attacks and strokes as they came along. Now, the aim is to prevent patients having heart attacks and strokes by attention to their blood pressure, screening their cholesterol and things like that, which we did not do very much of 30 years ago, but largely because there were not the medicines then available to prevent these problems, to deal with blood pressure, that there are available now. But the main problem we find is persuading patients to come into access preventative services and that does not just include the groups I have just mentioned. It does rather importantly, include the immunisation of children and these are issues that we are talking to the department of health about at the moment; really concerning long term funding of preventative care. But clearly any tax which increases the cost of medical contact dissuades that medical contact and there is evidence, which the Department of Health has, to show that in the long term, if we are talking about preventative care, it ends up costing the state rather more because it is obviously less expensive to treat someone's hypertension or high blood pressure, than to spend years looking after them after they have had a stroke or a heart attack or whatever. So, I think that is an important practical point which goes beyond the initial view of the Medical Society which was that in a civilised society government should not be raising revenue by taxing people who are ill. You will no doubt have got my letter on this point because it is something that we have no choice over. I also speak on behalf of the consultants and they have asked me to mention, certainly with regards to private medical care, that patients who insure themselves and patients who indeed pay out of their own pockets to see the consultants privately and then go into the private wing, are saving the Island money by releasing up facilities to patients who are using the health scheme. I think that really outlines [Interruption].

Deputy P.J.D. Ryan:

Doctors, are you familiar with the UK system?

Dr. G. Ince:

I last worked there 32 years ago, so I am only familiar in outline but do you want me to prepare a contrast?

Deputy P.J.D. Ryan:

Compare in contrast whatever you are aware of.

Dr. G. Ince:

Just looking at my list here, the one thing I missed out of my description of the health scheme is the HIE group of patients. These are low income patients who have their fees paid for them by the Social Security Department. The fees are traditionally heavily discounted and, in fact, represent perhaps about 60 per cent of what we would normally charge. That system is about to be swept away by the new income support system. The doctors have been involved in regular discussions with officers of social security on income support but I have to say that it does seem quite a long way to deciding on any definite proposals but no doubt things will happen more quickly as D-day arrives. Before I leave Jersey, I mentioned the 6 months residency requirement. Prior to the 6 months if you come from the UK your medical fees are paid by the Department of Health to the GPs on a fixed rate and that forms part of a reciprocal agreement with the UK where the Island pays for Jersey residents who go over for treatment in the UK. Foreign nationals have to pay the full amount when they come here. In the National Health Service in the UK, which all residents are entitled to, everything is free apart from prescription charges. They are higher in the UK than they are over here. I think they are about £7 but there are many, many exempt groups - children do not pay, students do not pay, pregnant women do not pay, pensioners do not pay. So, except for those actually in work both medical care at a GP level and prescriptions are free. Obviously, it facilitates preventative care because you do not have this problem in getting patients back saying: ““Why do I need to come back to have my blood pressure checked? Can I not come in a year rather than 6 months or I will leave it?” So, that is the difference between the 2 systems. The hospital system in Jersey, on the other hand mirrors the UK. identically. You have a choice. You can go in under the health scheme or you can go to it privately.

Deputy P.J.D. Ryan:

Thanks for that. Having established that I would like to spread the question to the dentists as well. Other than in very general terms, in more practical terms, how do you think GST would impact on you without any form of relief?

Ms. C. Morvan:

In the running of our practice?

Deputy P.J.D. Ryan:

Yes, in the running of your practice. I am thinking in terms of administration costs. I am thinking in terms of what you would have to do.

Ms. C. Morvan:

Okay.

Deputy P.J.D. Ryan:

We have a threshold of £300,000; how many dentists and doctors would come above that and be therefore forced to register for GST? How much of your cost base are you like to get charged GST on?

Ms. C. Morvan:

Well, the limitation is interesting in itself. My understanding is that if a practice is larger, so grossing more, then they are more likely to have to pay the tax. Is that correct?

Deputy P.J.D. Ryan:

Well, they are more likely to have to register for GST. There is a registration threshold of £300,000 turnover which is very high and much, much higher than in the UK.

Ms. C. Morvan:

Well, it is interesting because Dr. Ince has spoken about preventative medicine and there is preventative dentistry, so if you are a practice which is employing hygienists to prevent things going wrong you are more likely to go over that threshold. So, straight away it is penalising practices which have invested in their business with state of the art equipment and also providing preventative dentistry.

Deputy P.J.D. Ryan:

I am not sure if you familiar how it works, but when you are registered you will be able to reclaim any VAT that is charged to you, but at the same time you have to then charge out GST on what you do.

Ms. C. Morvan:

Well, what we were wondering about is that when it comes to practices with computers and a lot of the practices are computerised, my understanding is the UK is zero rated, so they have not got a VAT facility on our software. Now, our software is very complicated because it is very schematic of the mouth and the clinical side of things. These are a few examples of the pages that come up on our computer mapping out mouths and things like that. Now, we cannot readily add in on the business side of our computers a system which will allow us to incorporate this tax.

The Connétable of St. Brelade:

Do you not have accounting software in the practice as such?

Ms. C. Morvan:

It is all wrapped into the same software which comes from the UK.

The Connétable of St. Brelade:

Well, if it is UK based there must be provision for **[Interruption]**.

Ms. C. Morvan:

Well, not if they are zero rated so they are not dealing with VAT. So, you might have to do **[Interruption]**.

Deputy P.J.D. Ryan:

The UK practices were not because they are not (...several inaudible words).

Ms. C. Morvan:

Well, we are wondering how we are going to fit this on our, sort of, computer systems.

The Connétable of St. Brelade:

I would have thought that the software writers will overcome that fairly easily.

Ms. C. Morvan:

Well, the whole of the UK has not got it. It is zero rated, so for us just to say: "Hi, there are a few practices over here can you rewrite your software programme just to fit in with us?" So, what that would mean is that we would probably have to do it all manually and not every practice is computerised, but even the computerised practices would have to do this manually which would mean that we would need more clerical hours which would probably mean that we would need an increase in clerical staff. Is this going to be a problem with population controls? Also, adding that in you are adding 3 per cent on to the patient's cost plus another wage so the increases are going to go up much higher than 3 per cent. It is just a problem that we are trying to figure out at the moment.

Deputy P.J.D. Ryan:

Does the same apply?

Dr. G. Ince:

No, because we have a locally written accounts package which is separate from our clinical system which had to be written because as Claire said there is nothing similar in the UK in HS practice Social security I know had quite a bit of difficulty finding someone who would write a package because the number of practices buying the package are not that great. But eventually one was set up with a local firm in conjunction with social security. So, from that point of view the accounts package problem

would not be the same for GPs as with dentists. But what concerns me slightly is that certainly the view of public health is that we should all be moving into larger premises, modernising premises, and there has certainly been a trend for that to happen over the last few years. It had to happen and I think there are 3 now - there is my own practice, there is one at Queens Road, there is one about to open at the Hotel de France. The only way we have been able to afford that is by building up our practice size. Now, that does have an advantage to the patients. Larger practices tend to be more cost effective and can more readily discount fees and so on, as I was saying earlier, we are finding we are having to do. But it does concern me that if one is talking about a small practice that practice would not have to charge their patients GST.

Deputy P.J.D. Ryan:

If they were below the £300,000.

Dr. G. Ince:

If they were below the threshold where as the larger practice which is being encouraged by the Department of Health would and I do not know how we would cope with that. It seems inequitable somehow.

The Connétable of St. Brelade:

Do you envisage there would be many practices turning over under that £300,000?

Dr. G. Ince:

Yes. Oh, yes, the smaller practices. I was talking to Claire a little earlier. Dental fees are relatively higher - I am sure you do not mind me saying this - because of the enormous investment in equipment which we do not have. Our investment is more in premises and staff. So, that explains the difference between doctors fees and dental fees which sometimes get unfavourably compared.

Ms. C. Morvan:

You see we have very expensive equipment. Setting up a practice is a substantial cost. Then with all that equipment and technology it all has to be maintained and, furthermore, every time you see a patient, in between each patient, the whole surgery has to be scrubbed down, instruments sterilised or thrown away and the whole room disinfected. So, this is where our running costs come.

Deputy P.J.D. Ryan:

I see. So, even smaller dentistry practices are likely to be above the £300,000 threshold?

Mr. G. Atkins:

I would think most of them would be but there could possibly be some single handed practices that would be under that and, yes, I am quite astonished to hear that they maybe exempt from a tax that

others would have to pay.

Deputy P.J.D. Ryan:

Well, they are not exactly exempt. When you are exempt it means that you cannot claim your inputs if you are above the threshold. It depends on what level; how much of VAT is charged to you by your suppliers and all of that.

Mr. G. Atkins:

But from a patient's point of view they could choose between going to the dentist where they would have to pay a tax and a dentist where they would not have to pay a tax. That seems very inequitable.

Dr. G. Ince:

Or a doctor for that matter.

Ms. C. Morvan:

So when you bear in mind the people who have to pay a tax it is because they have got the state of art equipment or because they are employing more staff which deal with prevention. It goes back **[Interruption]**.

Deputy P.J.D. Ryan:

Sure. I mean, people that are below the threshold can voluntarily apply to be registered and they would do that typically if they felt that the amount of VAT that was going to be charged to them that they could not reclaim, outweighed the potential loss of business because they then had to charge the GST. Do you understand what I am getting out there? That would be why they would voluntarily register even if they were below the £300,000. Maybe in dentistry it is a slightly different thing; maybe you have a different, sort of, input structure. I keep using the word input; it is a bit of a buzz word. The costs to your business upon which you would be charged GST by other people that were registered; your suppliers; the cost of your equipment; does it needs replacing all the time or maintaining all the time.

Mr. G. Atkins:

Those costs could potentially be quite high.

Deputy P.J.D. Ryan:

[Interruption] So, whoever is supplying that service to that or the equipment itself or the service to maintain it, they would likely if not have a turnover of above £300,000, so they would be charging you GST on whatever services they were providing to you. As a dentist if you felt that was quite a high proportion of your cost base, you would probably register voluntarily even though your turnover was below £300,000 because that would be worth more to your business to be able to reclaim that GST charged to you, you know, particularly if your competitors, the larger practices, were having to charge

the extra amount anyway. You probably would feel that it is not going to make much difference to your business if you have to add the tax because you would not be at a disadvantage particularly to your larger practices that were also charging the tax, but the advantage of reclaiming the GST charge you would outweigh that.

Ms. C. Morvan:

Maybe, but then there is the higher staffing fees to do the paperwork [**Laughter**].

Deputy P.J.D. Ryan:

But there is the administration charge which we talked about earlier.

The Connétable of St. Brelade:

Just to focus on this £300,000 threshold, the person who has got turnover below this threshold, have they got any right to claim back their supplier's costs which quite clearly (...inaudible).

Mr. R. Teather:

You are saying that you might register voluntarily?

The Connétable of St. Brelade:

In effect I see the charge rate of the below £300,000 practitioner being much the same as those with because they will not be able to claim it back, so I do not think there will be a difference. The only difference would be as you alluded to in the administration side. Therefore, the charge would remain much the same.

Dr. G. Ince:

Certainly, I looked at this from a general practitioner's point of view because we do not have the same investment in equipment that would not apply. I mean it would be better for us to reclaim the GST on what we buy in. It would not make it worthwhile. It would be more attractive to not have the GST on your fees [**Interruption**]. So, certainly for the single handed GPs, (I think there is one in the Island) or a 2 man practice, it would certainly be to an advantage to them to be GST free even though they were paying GST on the smaller amount of equipment they brought in.

The Connétable of St. Brelade:

I suppose you could take the view that in a very short time they would get so busy that their threshold will soon be about £300,000 [**Laughter**].

Dr. G. Ince:

You could do. I have not come here to argue that issue particularly [**Interruption**].

Deputy P.J.D. Ryan:

I suppose these are the kinds of things that need to come out. Any commercial rents that you pay would be chargeable to GST, so you would be paying GST on your rent for any premises. You would also be paying for things like, as it stands at the moment anyway, electricity, any energy costs, any telephone costs, IT costs and any **[Interruption]**.

Ms. C. Morvan:

And staff. Well, the staff will want a pay rise to cope with the rise of the 3 per cent, so it will be the 3 per cent plus the cost of living. So, the pay increases to our staff would rise by that amount which is roughly just over 6 per cent at this moment in time.

The Connétable of St. Brelade:

It will be inflation, no question about it.

Ms. C. Morvan:

Yes, inflation plus this tax.

Dr. G. Ince:

Plus your increased costs of electricity and **[Interruption]**.

Deputy P.J.D. Ryan:

But then so will everybody else. I mean the whole thing will **[Interruption]**.

Ms. C. Morvan:

The whole thing will raise up, yes.

Deputy P.J.D. Ryan:

I mean that will go across all sectors. You know, so that extra staff cost will go across all sectors. I mean, I am not defending it.

Ms. C. Morvan:

The cost of living will go up.

Deputy P.J.D. Ryan:

I make no other point other than it is across the board as, you know, it is no different to your line of business versus anybody else's. Any more questions on that?

Mr. R. Teather:

Just on staff cost is there much agency staff work within the sector because **[Interruption]** obviously if

it is the sector it will have VAT?

Ms. C. Morvan:

It is not agency. It is not agency.

Deputy P.J.D. Ryan:

Have you been to the Treasury or Crown Agents and talked to them about the impact on your particular sectors? Do you intend to do that or are you not?

Dr. G. Ince:

Well, I think from a doctor's point of view it depends on how things turn out today. Listening to the original debate in the States it seemed as if Members had rather closed minds on the subject. But clearly with the scrutiny panel as part of the investigation you may form different views, so we rather held back from investing a lot of time in investigating things and talking to pharmacists about their attitude on GST on essential medicines and so on until we saw quite what was going to happen.

Deputy P.J.D. Ryan:

So, have you looked into what you would ideally like in what sort of form if there is to GST relief for doctors or for dentists? Have you done any research on what form of relief you would want, whether you would want to be registered so that you could reclaim all of the inputs, all of the costs to you in the way of VAT that was charged to you, but then be zero rated on your charge outs? But then the implication of that is the administration involved; or do you feel you would be better off for example, to be completely exempted so that you were not able to claim any GST that you were charged, but at the same time you do not have the administration and you do not have to charge it out? Have you done any research in those areas?

Ms. C. Morvan:

Can I ask [Laughter] have you done any research in those areas? My reason being is that my understanding is that the UK is zero rated. Is it exempt?

Deputy P.J.D. Ryan:

It is exempt.

Ms. C. Morvan:

Now, that is interesting. That is a lot of difference.

The Connétable of St. Brelade:

A partial exemption in fact from a lot (...inaudible).

Deputy P.J.D. Ryan:

So, if you have not done that could I say to you that perhaps you should consider taking professional advice fairly **[Interruption]** quickly from associations, from your accountants or whoever advises you and get, fairly swiftly, a view on ideally what you would like and if you could revert to us as a scrutiny panel that would be the kind of evidence that we would like to see. There is quite a lot of information we have done here on the treatment of VAT release in the United Kingdom system; maybe that could be contrasted through your professional advisors. Because I am well aware that, you know, you are doctors and dentists and I say that with the greatest respect, you know; that that is exactly what you should be and you should not be accountants. But I am sure you have professional advisors that can and I would strongly suggest that you did that fairly rapidly, so we can include that in our report.

Ms. C. Morvan:

Certainly.

Deputy P.J.D. Ryan:

But we do need the evidence.

The Connétable of St. Brelade:

Her Majesty's Revenue and Customs document, I do not know if you have got that. That is RC reference notice 701/57 has become available.

Deputy P.J.D. Ryan:

We have all this. If you would like to revert to Michael at any time we can point you in the right direction, but I feel sure that your professional advisors would be able to do the same.

Ms. C. Morvan:

That is lovely, thank you.

Deputy P.J.D. Ryan:

Anything else, gentlemen? Well, thank you very much for your time this morning **[Interruption]**. We look forward to hearing from you again. Thank you **[Aside]**.