

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 2nd JULY 2013**

Question

Will the Minister explain and justify to members why GST is being charged on the price of fuel and other goods upon which duty is already payable and does he not think that the doubling of taxation in this way is wrong?

Answer

Impôts duties are applied when certain goods are imported into Jersey, whilst Goods and Services Tax ("GST") is applied when goods are supplied in Jersey. Hence certain goods, such as fuel, are within the charge of both impôts duties and GST.

This form of double taxation is a commonly accepted feature of tax systems across the globe. For example, all EU Member States apply both excise duties and consumption taxes on fuel and a number of other goods.

In the context of fuel, Jersey's overall effective tax rate, from the combination of impôts duty and GST, is amongst the lowest in the developed world.

To stop this double taxation from occurring would require the removal of either the impôts duty or the GST from the relevant goods. Using fuel as an example, the recently published States accounts indicate that the impôts duty on fuel raised £20m in 2012; if the impôts duty on fuel were removed, this £20m of revenue would have to be raised from other sources.

The removal of GST from fuel would also reduce existing States revenues; whilst adding complexity to the tax system and increasing the compliance burden falling on both businesses and the Taxes Office.