

Senator Steve Pallet
Corporate Services Scrutiny Panel
Morier House
St Helier
JE1 1DD

29th October 2021

Dear Senator Pallet

Corporate Services Scrutiny Panel

Goods and Services Tax - Personal Importation Review update

In response to your email dated 25th October 2021 and as requested, please see below our response to the proposed changes to the GST de-minimis, as outlined on pages 148 to 149 of the Government Plan 2022-25. Our responses meet the specific queries taken from your letter, highlighted below in bold.

How you believe the proposals as outlined by the Minister for Treasury and Resources will impact businesses in Jersey?

- For most Jersey businesses the change of de minimis means that local pricing becomes a little more competitive and will be welcomed.
- The inclusion of GST on more goods islanders buy and bring into the island is a move that all jurisdictions are recognising as necessary as GST / VAT revenue is reducing due to consumers purchasing a larger share of goods online.
- The UK and Europe have already recognised the need to keep tax collection in line with consumer behaviour by scrapping their equivalent of de minimis, low value consignment relief (LVCR). This was implemented in 2018 in the UK and in 2021 in Europe.
- From January 2021, the UK moved to tax collection at point of sale for online marketplaces and Europe moved to a “one stop” tax register and collection system in July 2021. In the UK consumers currently purchase 27% of their goods online. There is no recorded percentage of goods purchased off island by Jersey consumers but given our geography, it’s reasonable to estimate our percentage is at the very least the same as the UK’s. Collecting goods and service taxes on the goods islanders purchase online needs to become as seamless as it is in our local stores to ensure that the tax remains low, simple and broad for all retailers serving the Jersey community.

Do you believe the proposed changes are feasible?

- Yes, as said above, the collation at point of sale of local taxes is already commonplace in the UK and Europe and is an automated process in Amazon and other large retailers that make up a significant part of Jerseys private imports.
- Smaller businesses that haven't incorporated this process into their online models will utilise the existing system of customer self-declaration.
- The current system for declaration on import is overly complicated and time consuming for both businesses and consumers. A budget for investment and a clear plan to improve user experience will be a priority in making this change as frictionless as possible.

What response you have had from your stakeholders regarding the proposed changes as outlined in the Government Plan,

- We have only received comments supporting the reduction of de minimis from businesses.
- Allowing large offshore businesses not to charge GST to Jersey consumers is not applying the tax equally across the commonly accessed retail marketplace, and is against the principle of maintaining a broad simple GST system.
- Some businesses have fed back their frustration that Jersey would still be way behind the UK and Europe if we retain a £60 de minimis level in 2023 rather than removing it altogether.

What engagement and support you would like to see from Revenue Jersey whilst these changes are implemented

- Revenue Jersey have given clear and timely opportunities for consultation throughout their review.
- A continuation of that connected communication is very welcome, along with some clear coms and guidance for consumers when the de minimis reduces.
- It is essential that the additional funding mentioned in the government plan 2022-25 to improve the user experience of our automated imports system CAESAR is granted ensuring the system is as user friendly as possible.

- Any substantial changes to the processes for declaration on import will need to be fully tested by consumers, businesses, and delivery agents prior to a go live date. Consideration of how peak times impact those systems are also essential.
- Data that outlines the income gained for the island in GST receipts from personally imported goods, both now and when the de minimis moves would be greatly beneficial. This data would show the return on any investments to the importing systems, and shape future debate on removing de minimis altogether.
- Considering that the online market share is predicted to continue to grow significantly, a longer-term plan for collection on all imports needs to be considered now. That plan may need to include a larger investment to replace our current online customs declaration systems so that importing is as innovative and efficient as possible.

Yours sincerely



Graeme Smith
Chief Executive Officer