

23.07.04

11 Deputy T.A. Coles of the Minister for Treasury and Resources regarding UK firms charging VAT and GST (OQ.136/2023)

Will the Minister advise what action, if any, is being taken to stop U.K. firms charging the equivalent of V.A.T. (value added tax) in addition to the 5 per cent G.S.T. (goods and services tax) on goods?

Deputy I.J. Gorst (The Minister for Treasury and Resources):

My understanding is U.K. law does not require V.A.T. to be charged on goods supplied to Jersey. Revenue Jersey has previously reviewed this issue and tell me that they have seen few examples where V.A.T. is charged. The pricing of products, of course, is driven by cost and market conditions. Consumers are always encouraged to be careful and consumers can, of course, refuse to buy where a supplier is seeking to incorrectly charge U.K. V.A.T.

3.11.1 Deputy R.J. Ward:

We often talk about unintended consequences here in this Assembly and it often affects propositions. Can I ask the Minister whether there is an unintended consequence of V.A.T. being charged plus G.S.T., thus people living in Jersey buying goods that perhaps they cannot get hold of in Jersey may be paying more tax on those goods than anyone else?

Deputy I.J. Gorst:

As I said, V.A.T. should not and is not required to be charged on goods which are supplied to Jersey. Revenue Jersey have in the past, and if Members are concerned that it is happening again, they have lobbied in the past the C.B.I. (Confederation of British Industry) and the British Retail Consortium, ensuring that they communicated with their U.K. members to make it clear that Jersey was not within the U.K. V.A.T. zone. If Members are aware of the scenario that the Deputy is asking about then we can seek to intervene in that regard as well. There is, of course, the common international customs valuation of when you would put an amount of either G.S.T. or V.A.T. on a good and Jersey follows that common international customs valuation.

3.11.2 Deputy R.J. Ward:

Furthermore, can I ask the Minister whether he can assure Islanders that goods that are being sold on-Island are not including V.A.T. within their cost price?

[11:15]

Deputy I.J. Gorst:

I am not quite sure whether this is my territory or it is the Minister for Economic Development, Tourism, Sport and Culture's territory, so I will try to be careful. I cannot see, and Revenue Jersey tell me that they cannot find examples, where Jersey retailers are charging V.A.T. If they were to charge V.A.T., that V.A.T. would then have to be sent back to H.M.R.C. (His Majesty's Revenue and Customs). One can see, even in that construct, that it is very unlikely that that would take place. Rather, what the Deputy might be asking is: are Jersey retailers maintaining a U.K. recommended retail price and saying that the cost of V.A.T. is equivalent to transportation and logistics costs and therefore maintaining that price and adding G.S.T. on? I know that previous Ministers for Economic Development, Tourism, Sport and Culture have spoken to the retail industry about how they are marking their products, but there is a cost to transportation of goods to Jersey.