

STATES OF JERSEY

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DRAFT GOODS AND SERVICES TAX (JERSEY) LAW 200- (P.37/2007): THIRD AMENDMENTS

**Lodged au Greffe on 3rd April 2007
by the Minister for Treasury and Resources**

STATES GREFFE

DRAFT GOODS AND SERVICES TAX (JERSEY) LAW 200- (P.37/2007):
THIRD AMENDMENTS

PAGE 74, SCHEDULE 1, PARAGRAPH 1 –

After sub-paragraph (1) insert the following subparagraph and renumber the remaining sub-paragraphs and internal cross-references accordingly –

“(2) Sub-paragraph (1) shall not apply to –

- (a) a finance vehicle, within the meaning of Article 60, in respect of which the conditions in paragraphs (3) and (4) of Article 57 are satisfied;
- (b) a person whose name is included on a list for the purposes of Article 61”

MINISTER FOR TREASURY AND RESOURCES

REPORT

1. Background

The States Assembly agreed on 13th May 2005 (P.44/2005) to introduce a broad-based, 3% Goods and Services Tax (GST) as from 2008.

2. Comments

In the light of this decision, and following extensive consultation during 2006 with the business community and the wider public, law drafting on the above law has now concluded and the final draft of the Law was lodged au Greffe for debate by the Assembly on 17th April 2007.

3. Amendments

Following subsequent representations from Jersey Finance Limited, the Minister has decided to lodge the attached amendments for the purpose of removing any uncertainty regarding the treatment of finance vehicle under Part 12. (They are not within the definition of 'taxable person').

4. Reasons for the Amendments

As a result of recent detailed analysis of the Law, it has become apparent that the current approach will result in significant complexity for the finance industry, requiring the need for additional administrative (non value adding) resources for industry, as well as the additional government resources necessary to administer the complexity.

Furthermore, complex law undermines the simplicity of Jersey based structures and client advice and may damage the competitiveness of the finance industry.

The proposed approach will address the first 2 points and allow a more measured first step that can be assessed for effectiveness within a year. In particular the proposed approach will provide greater certainty regarding the ability to raise the targeted £5 million– £10 million, whilst not ruling out the ability to apply greater complexity if found to be necessary in due course.

5. Financial and manpower implications

There are no financial or manpower implications resulting from these amendments.