

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2018 (P.90/2017): SIXTH AMENDMENT (P.90/2017 Amd.(6)) – AMENDMENT

**Lodged au Greffe on 22nd November 2017
by the Minister for Treasury and Resources**

STATES GREFFE

DRAFT BUDGET STATEMENT 2018 (P.90/2017): SIXTH AMENDMENT
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PAGE 2 –

For the inserted new paragraph (e), substitute the following –

- “(e) to request the Minister for Treasury and Resources: (i) to undertake a review into the feasibility of extending the scope of GST to include the supply of digital services into Jersey by businesses with no establishment in Jersey; (ii) if it is feasible, to bring legislation to the Assembly no later than the 2020 Budget which seeks to extend the scope of GST to include the supply of digital services into Jersey by businesses with no establishment in Jersey; (iii) to undertake a programme of engagement and awareness-raising with UK or EU digital service suppliers to ensure that they levy the correct sales taxes; and (iv) to make available from the Contingency budget the resources required to ensure that this work is undertaken without affecting progress with other work-streams.”.

MINISTER FOR TREASURY AND RESOURCES

REPORT

With reference to Senator P.F.C. Ozouf's sixth amendment ([P.90/2017 Amd.\(6\)](#)) to the [Draft Budget Statement 2018 \(P.90/2017\)](#): under the current GST Law, businesses without a physical presence in Jersey which sell digital services into the Island are not obliged to register for and charge GST. This approach was adopted on the introduction of GST in 2008, recognising the practical challenges of enforcing a Jersey tax in the context of businesses with no presence in the Island.

The approach adopted in Jersey also represented the global norm for VAT/GST systems until relatively recently. However, since 1st January 2015, the EU has changed the charging of VAT in the context of digital services supplied to individuals¹ such that the business supplying a digital service to an individual in the EU has to charge VAT based on where the individual is located, rather than where the business is based (e.g. a business based exclusively in Luxembourg selling digital services to an individual customer in the UK is required to charge UK VAT on those digital services).

On the basis that the global norm appears to be changing, it is an appropriate time to review whether it is now feasible to require businesses without a physical presence in Jersey which sell digital services into the Island to register for and charge GST; whilst ensuring that it does not impact on the range of digital services that Islanders can access.

As with Senator Ozouf's fifth amendment ([P.90/2017 Amd.\(5\)](#)), the Council of Ministers recognises the frustration experienced by Islanders when they are charged VAT incorrectly. As part of the review noted above, the Treasury will be seeking to engage with major suppliers of digital services to determine whether requiring them to register for and charge GST is practically achievable; as part of this engagement the Treasury will also encourage them to apply the correct VAT treatment when supplying individuals located in the Island.

In light of the number of commitments on the Treasury, a realistic timetable for this particular review to report, and for any legislative changes to be introduced, is in the Budget 2020.

Collective responsibility under Standing Order 21(3A)

The Council of Ministers has a single policy position on this proposition, and as such, all Ministers, and the Assistant Minister for Treasury and Resources, are bound by the principle of collective responsibility to support the proposition, as outlined in the Code of Conduct and Practice for Ministers and Assistant Ministers ([R.11/2015](#) refers).

Financial and manpower implications

As the underlying amendment proposes that any costs incurred undertaking the feasibility review and from the engagement programme with relevant businesses are to be met from central contingency allocations, there are no further financial or manpower implications arising from this particular amendment.

¹ As opposed to other businesses.