

5.18 Deputy M. Tadier of the Chairman of the Consumer Council regarding businesses in the Island that did not pay tax in Jersey.

Will the Consumer Council undertake to obtain and publish a full list of trading businesses in the Island who do not pay tax in Jersey on the basis that it is of interest to consumers who wish to shop in an informed way?

Senator A. Breckon (Chairman of the Consumer Council):

The Consumer Council does not have access to this information or have the resources to compile a full list of those trading businesses in the Island who do not pay Jersey tax, which would extend well beyond the High Street. However, along with others, the Consumer Council has in the past and will indeed continue in the future to highlight those U.K. companies and others trading in the High Street and elsewhere who charge U.K. equivalent prices including Value Added Tax, so that consumers can make informed choices.

5.18.1 Deputy M. Tadier:

I note that the Consumer Council chairman has the same problems I do in not having access to information. I think we both have the same frustration around that. I take on board the comments about the U.K. prices being charged in Jersey. Will the Consumer Council chairman undertake to highlight where there are instances of companies perhaps providing comparable services? We know of one to do with De Gruchy's and Voisons; one pays tax locally, the other one does not. Will he undertake, where it is possible, to highlight such instances so that the Jersey taxpayer and shopper can know that when they spend their money over here a greater percentage of that money will remain in the local economy, which is something to be encouraged, I think, from both the Minister for Economic Development and from us all?

Senator A. Breckon:

Within the last 12 months I have contacted over 60 companies who are visibly trading, asking them what their policy is on U.K. equivalent prices and the charging of V.A.T. (Value Added Tax). One of the things I did ask them to do was to have better signage so it was clear what their policy was so that people shopping there could make informed choices, and I think that covers the point of what the Deputy was asking.

5.18.2 Deputy A.E. Jeune:

Would the chairman agree that Jersey-registered companies could benefit consumers in the Island by putting a sign in their window or on their invoices; have it that we are a Jersey-registered company and pay Jersey tax?

Senator A. Breckon:

Tax is an issue but it is not necessarily an issue for the Consumer Council. What is an issue is the U.K. equivalent prices and, along with campaigns from the *Jersey Evening Post*, formerly the watchdog group which was set up in 1988 and included Members of this House and was indeed sponsored through this House, so it is a long campaign but the Jersey tax is not just the issue, it is the consumer price which includes Value Added Tax.

[11:45]

5.18.3 Deputy T.M. Pitman:

Much in the same theme, I appreciate the limits of the Consumer Council's powers but being it has got to be a concern for Jersey's taxpayers to the shambles really of Zero/Ten, would the chairman be willing to work with Economic Development and the Treasury so that we could get an identification of these firms who are paying no tax and not contributing to our economy?

Senator A. Breckon:

Indeed, we have done campaigns which are touching on the same thing but it is not necessarily about Jersey tax, it is about Value Added Tax and there have been campaigns, including the Chamber of Commerce who had a view about the *Jersey Evening Post* and other groups as well and it has been fairly high profile and indeed it will continue, but it is not just about Jersey tax because companies paying Jersey tax can be charging V.A.T.

5.18.4 Senator S.C. Ferguson:

Does the Consumer Council chairman not agree that it is not under the Zero/Ten system, the company which pays the tax; it is the shareholder on their dividends, and that apart from finance companies and utility companies, no Jersey company pays tax?

Senator A. Breckon:

That is a technical issue; I am not sure that it is an issue for the consumer.

5.18.5 Senator P.F.C. Ozouf:

Does the chairman know whether or not his organisation has carried out any research into whether or not there are more or less companies charging U.K. V.A.T. compared with, say, 5 years ago and has he done any comparative work with Guernsey retailers on the same subject?

Senator A. Breckon:

The issue is quite complicated and it is something, when you start looking at it, it is not that simple, because, for example, Guernsey does not charge G.S.T. and there is also the issue that people are not just buying things in the local High Street; they are buying them on the internet. Again, some companies are geared up to Jersey being zero rated for V.A.T. and others are not, so it is a complicated piece of work and I would, with the Minister for Economic Development and the Minister for Treasury; I would be pleased to work with any of those to try and make sense of some of this.

5.18.6 The Deputy of St. John:

Given that a recent supermarket group has moved into the Island, is the chairman of the Consumer Council aware that they are now taking away local franchise within the Island and, therefore, people are being made redundant. Local companies who pay tax are losing business to these companies from outside the Island who move in and pay no tax on Island. Is the chairman aware of this?

Senator A. Breckon:

I am aware that on a number of occasions this has happened; where somebody has had a franchise or an agency for a business to import things from the U.K. and France, where a bigger operator has moved in and they have had the muscle or the clout to

take that away from them. I am aware of that. Whether that is to the detriment of the consumer, I am not sure.

5.18.7 Senator J.L. Perchard:

Does the chairman of the Consumer Council realise that no company, unless it is a utility company or a financial services company, pays tax in Jersey and will he join me in asking or requesting the Minister for Treasury to hold some sort of briefing for Members so that they can really understand how we tax corporations and how, with the look-through being withdrawn, local shareholders will no longer be liable for a deemed payment and will only be liable for taxation on any dividend that they will receive. There is an ignorance in this House that is worryingly frustrating and I think the Minister for Treasury must explain to Members exactly how our tax system works.

The Bailiff:

These questions are for the Chairman of the Consumer Council at the moment.

Senator A. Breckon:

That extends well beyond the remit but, as I said in an earlier answer; I am willing indeed to work with the Minister for Treasury and Minister for Economic Development on this. If there are some misunderstandings with this then I think clarity is the way forward, but the issues that the Senator has just touched on are wider than the remit of the Consumer Council.

5.18.8 Deputy M. Tadier:

If I can just say to Senator Perchard, it is completely understood by myself. This is a question about where tax on profits are paid and clearly it is understood that if shareholders are not resident in Jersey, then profits do not get paid to Jersey; if they are, tax on profits go to Jersey. That is the distinction. I would ask the Consumer Council chairman to reconsider his statement that this is not an issue for the Consumer Council, because customers when they shop do so for a variety of reasons. They choose their goods and their services based, for example, not simply on cost but also on other factors to do with where the goods were produced, whether they were produced ethically and whether money is going to be staying in the Island. So, the question I would ask is that would the chairman take on the very sensible and constructive suggestion of my colleague from St. Brelade, Deputy Jeune, to encourage businesses themselves who are registered and do pay tax on their profits in Jersey to put a sticker or something similar on their door so that customers will know that their money is staying in Jersey rather than being sent out of the Island without any benefit to the Island?

Senator A. Breckon:

Indeed, we have done that over the years, since 1995. It is about getting information into the public domain so that people can make informed decisions and purchases and that is what this is about. People can make decisions on that for ethical reasons or for fair trade reasons or for whatever it may be and that is one of the things that we have done over the years and will continue to do so, and it includes the issues that the Deputy has touched upon.