

4.6 Senator F. du H. Le Gresley of the Minister for Treasury and Resources regarding lowering the G.S.T. *de minimis* waiver to £6:

Would the Minister consider lowering the G.S.T. *de minimis* waiver to £6 in order to assist local retailers, and, if not, why not and what is the estimated tax revenue lost per annum as a result of having a £12 rather than a £6 waiver?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

If the Assembly accepts the proposal to increase G.S.T. I would not consider changing the *de minimis* waiver until additional research has been undertaken. The appropriate time to conduct this research would be after any changes to G.S.T. have been introduced. Based on the figures from 2009 regarding manifested goods imported into the Island, the estimated annual tax revenue lost as a result of having a £12 rather than £6 waiver with a rate of G.S.T. at 5 per cent, would be approximately £36,000. However, the number of imported items detained as freight requiring declaration and payment could increase by 50 per cent. Based on the figures from 2009 regarding goods imported into the Island via the postal service, the estimated tax revenue lost per annum as a result of having a £12 rather than a £6 waiver with a rate of G.S.T. at 5 per cent is expected to be £10,000. However, the number of detained postal items requiring declaration and payment could increase by 400 per cent. So, I think it is questionable whether such an increase in activity could be realistically achieved within existing Customs and Immigration resources. The cost of any additional resources would be almost certainly greater than the extra revenue received.

4.6.1 Senator F. du H. Gresley:

Would the Minister agree then, to consider entering into an agreement with Jersey Post and other carriers to help collect G.S.T. on incoming parcels and packets in order that the *de minimis* waiver could be lowered to the European norm?

Senator P.F.C. Ozouf:

I think there is quite a substantial difference in terms of the different levels of V.A.T. (Value Added Tax) in Europe and G.S.T. I am happy to consult further in relation to this matter after the States have agreed their decisions on G.S.T. but I have to say that all of the information that I have from both the Post Office and, indeed, Customs and Immigration indicates that whether or not there is an agreement or otherwise, there is going to be a substantially increased level of costs to administer such a change. I would point out to the Senator that under the proposals that I am making, the amount of value of goods being able to be imported G.S.T. free will fall from £400 to £240 under the stand-still arrangement that I am proposing.

4.6.2 Senator S.C. Ferguson:

Yes, but is the Minister aware that we are losing G.S.T. payments at the point of entry because Parcelforce parcels are not examined in the same detail as parcels coming in by other means.

Senator P.F.C. Ozouf:

I have not been made aware of that, and if there are other arrangements that need to be placed in that. These are issues that no doubt the Customs and Immigration... which I will follow up - I am following the Senator's question - if there is an issue then we will deal with it. But I would just remind the Senator that there has, indeed, been a post-implementation review carried out in relation to all of the G.S.T. issues,

including the *de minimis* arrangement, and that they reviewed all these issues and I have not, I must say, seen anything in their reports. I am happy to take that issue up if there is one.