



JERSEY
Chamber of Commerce

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FAO: Deputy Sam Mézec, Chair Corporate Services Scrutiny Panel

23rd August 2022

Dear Deputy Mézec,

The Corporate Services Scrutiny Panel review of Proposition P.80/2022 - Mini-Budget 2022 lodged by the Council of Ministers on 2nd August 2022 for earliest debate on 13th September 2022.

The Jersey Chamber of Commerce would like to thank the Corporate Services Scrutiny Panel for asking for our comments on Proposition P.89/2022. We note your terms of reference.

With regard to the points you would like us to make comment on:

We welcome the early intervention of a mini-budget and the speed it was brought in. We were also happy to be consulted prior to the release of the details.

The mini-budget focuses primarily on attempting to lessen the impact of recent cost of living rises on the individual, rather than by supporting businesses. As the largest business representation group in Jersey, we accept this as a first-step priority and recognise that any intervention to ease individual financial burdens may indirectly reduce pressures on business.

The reduction in employee Class 1 and Class 2 contributions by 2%, will be of some benefit to the self-employed. Chamber has requested that further budgetary planning for the end of 2022, looks more closely at supporting businesses. In our consultation with Government, we asked for due consideration to be given to business, particularly smaller enterprises, as they are also feeling the effect of the increasing costs of fuel, goods and logistics, property and rents. At the same time, these businesses are under significant pressure to increase salaries, avoid increasing prices and are being adversely affected financially by ever increasing rules, regulation and, in key sectors such as retail, tourism and hospitality, a decline in footfall. We are already seeing this resulting in businesses becoming less competitive and could result in many not being viable at all. Increased unemployment is a multiplier for increasing Government spend and compounds the cost of living problem. Sustaining our economy is vital for the current and future prosperity of the island, and that will require support to encourage growth and diversity of commerce.

Chamber have long campaigned for a levelling of the rules relating to GST. Local businesses are required to add 5% to their prices, whilst goods online – already difficult to compete with – are free of such a tax on goods below £135, when delivering to Jersey. Other jurisdictions have been successful in bringing about such taxation at the source of sale. In other words, the online retailer collects this tax at purchase and forwards this tax to the jurisdiction.

It is disappointing therefore that the planned move for all off island supplied goods to be liable for GST has been further delayed by six months. This delay will, of course, soften any rise in the cost of

off-island online purchases made by local shoppers but it again compounds the problems for local businesses. We understand this delay has been requested by the largest of the online retailers, who are in direct competition with local businesses and would benefit directly from more of our businesses closing their doors for good.

Within our consultation, Chamber outlined a proposal to examine and improve the personal tax Benefit in Kind exemptions. As an example, we would like to include the leasing and supply of electric bikes to employees for commuting as an additional employee benefit, and as part of a joined-up approach to the Jersey Sustainable Transport and Climate policies. Chamber is in ongoing consultation on this proposal.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Murray Norton', with a stylized flourish at the end.

Murray Norton.
CEO, Jersey Chamber of Commerce.