

# **STATES OF JERSEY**

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## **FISCAL STRATEGY (P.44/2005): AMENDMENT**

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**Lodged au Greffe on 15th March 2005  
by Senator S. Syvret**

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**STATES GREFFE**

FISCAL STRATEGY (P.44/2005): AMENDMENT

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*In paragraph (a)(i) after the final word add the following –*

except that GST will not apply to –

- (a) basic foodstuffs,
- (b) children's clothing,
- (c) medical services and products,
- (d) books and newspapers;

SENATOR S. SYVRET

## **REPORT**

The objective and purpose of this amendment should be self-evident. Sales taxes are highly regressive and impinge most upon those least able to afford them. Already many ordinary people are leaving Jersey because they simply cannot afford to live here. We have an environment in which many high street prices already exceed those to be found in central London. And yet we intended to add to that cost with this highly regressive tax.

The proposals of the Finance and Economics Committee are an example of political extremism; their policy represents market fundamentalism. Even in other countries where sales taxes exist, a range of exemptions are used. These commonly cover items such as basic foodstuffs and children's clothing. The same reasons for these exemptions apply to medical expenditure; people have no choice other than to pay for medical treatments. To add a tax burden to this unavoidable expenditure would be quite monstrous.

The amendments would exclude certain goods and services from sales tax. This will obviously lead to a reduction in the tax take. However, a wide variety of other approaches to taxation could be adopted. These would however mean taxing those more properly able to afford to pay. Naturally such an approach is not supported by this Finance and Economics Committee. I am though quite sure what the community at large will expect the States to do.

### **Financial and manpower statement**

Given that the infrastructure to collect the tax is to be put in place in any event, the few simple exemptions sought by the amendment ought not to create any additional expenses or manpower requirement. However, even if such an additional administrative expense were to be incurred it would be slight and a price worth paying in order to secure the protection of vulnerable groups from regressive tax charges. Obviously a financial cost will exist in respect of the revenue forgone if the amendments are approved. However, this revenue could be easily raised through a variety of progressive taxes targeted at those who could most afford to pay more.