

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY SENATOR J.L. PERCHARD  
ANSWER TO BE TABLED ON TUESDAY 3rd MAY 2011**

**Question**

Would the Minister advise whether Jersey legislation would require amendment should a zero GST rating for food and fuel to be approved utilizing the UK model and, if so, will the Minister also advise on the likely cost, manpower implications and the scale of the legislative reform required to transcribe UK law into Jersey law in this regard?

**Answer**

I can confirm that the Jersey GST Legislation will require amendment should supplies of food and fuel be zero rated. I should add that the current UK VAT system does not zero rate domestic fuel and power – all supplies are taxed at 5% [if they qualify as domestic] or the standard rate of 20%.

At this stage the scale of legislative reform is difficult to predict but even if we try to mirror the UK it will require significant work on clarification and definitions; drafting instructions to amend and expand Schedule 6 of the Law and the more onerous task for the agencies involved (Taxes Office/Customs) of re-training staff; producing internal guidance, issuing leaflets/notices and re-educating the taxpayer population.

There will also be an unknown but potentially significant amount of work to mirror changes in the UK/EU as and when they occur and from local rulings provided by the Commissioners of Appeal in dispute cases which could be at variance with UK VAT legislation.

A reasonable approximation of the additional Taxes Office administrative costs based on UK and international experience is that 3 additional staff will be required and the extra payroll, social security, IT, accommodation and other costs would be approximately £200,000 to £300,000 a year.

The above are, of course, only the implications for the States. The compliance costs to Island businesses of preparing for and implementing any revised legislation will vary depending on size and type of business but should not be underestimated.