

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY S. PITMAN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 9th OCTOBER 2012**

Question

Following the decision to refund GST on luxury goods worth £300+ for visitors to the Island, would the Minister advise -

- (a) what goods will be classified as 'luxury';
- (b) how much will be lost in tax revenue;
- (c) where/how this loss will be made up; and,
- (d) how much will this cost to administer?

Would the Minister outline the decision process and publish whatever evidence was presented to support this sudden change in policy?

Answer

The GST Visitor Refund Scheme is being operated on a trial basis for a year. If successful its introduction on a permanent basis will be brought to the States for approval in the 2014 Budget.

In reply to the question raised concerning the Visitor Refund Scheme, the Minister can advise as follows:

- a) There is no reference to "luxury" goods anywhere in the scheme so it is not necessary to define the term.
- b) The potential tax cost of the scheme is extremely difficult to estimate as it is not known what the take up by visitors will be. An increase in visitors would mitigate the potential cost and bring other benefits to retailers and revenues alike. The scheme will be monitored throughout the 12 month trial to identify the value of additional goods being sold to visitors by Jersey businesses.
- c) Please see the reply at (b) above.
- d) The Taxes Office costs of administration for the Visitor Retail Scheme has to date been 15 staff days with 20 days per annum estimate for the post-claim verification, business education and liaison with Customs, G4S and the Chamber of Commerce. The latter figure is dependent on take-up. In both cases the staff time has/will come from existing resources.

The only additional "hard" cost has been for third-party printing of leaflets - £139.

A key feature of the scheme is that the printing, distribution and verification of forms is being borne by the participants (retailers, customers and G4S) and is not an expense on public funds. Similarly, the involvement of Customs and Immigration staff has been minimised by the involvement of G4S and the Customs resource required is likely to be minimal.

The decision to introduce the Visitor Refund Scheme trial from 1st September 2012 was subject to the documented Ministerial decision process and has been introduced following representations to encourage visitors to increase incremental spending when visiting Jersey.

This is a targeted way for the States to support the retail and travel industries at a time of economic difficulty. If successful the trial could lead to a successful tax-free retail export scheme, The Minister trusts it will be welcomed by the local business community and supported by States Members. It is a measure which will contribute to stimulating the economy.