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6 The Connétable of St. Brelade of the Minister for Treasury and Resources regarding domiciliary care cost exemptions from G.S.T: [OQ.10/2019]

Will the Minister explain to Members why domiciliary care costs were not exempted from G.S.T. (Goods and Services Tax) prior to 1st January 2019?

Deputy S.J. Pinel (The Minister for Treasury and Resources):

In 2008 the States Assembly supported the introduction of G.S.T. at a low rate, broadly applied, that would minimise the costs of administration, both by businesses and the taxes office. Relief from G.S.T. was originally limited to services provided by regulated providers, which at that time did not include non-residential care provided by independent or private sector providers who were unregulated.

[11:30]

These providers are now to be regulated under the framework that the States Assembly adopted last December. This change in G.S.T. treatment was deliberately brought in, alongside the changes to the regulatory framework. With changing and increasing demands for care services in society over the last decade, partly arising from an ageing population and consequential developments in a way in which the care is provided - for example, with an increasing emphasis on provision in the home - Ministers judged it right to extend the relief from G.S.T. to the provision of so-called domiciliary care by a wider range of providers.

3.6.1 The Connétable of St. Brelade:

Would the Minister agree that in fact domiciliary care has been regulated for some time, I think probably going back to early 2017, if not 2016? Would she not agree that those paying G.S.T. on domiciliary care have been disadvantaged by this oversight from the Treasury?

Deputy S.J. Pinel:

Yes, I can see what the Connétable is saying. However, it depends on who the domiciliary care provider is; if they are an exempt business they would not be paying G.S.T. anyway. Any business that has a turnover of less than £300,000 would not be paying G.S.T. It has taken a while to come in but it was waiting for the Regulation of Care Law, which came in on 1st January this year, which ties the whole package together. But I can see what you are saying, it did take a long time.

3.6.2 Deputy K.F. Morel:

Would the Minister explain the rationale behind this differentiation in regulated services and non-regulated services? Care provided to people is care provided to people, whether it is within a regulated industry or not. I do not understand why G.S.T. could be removed on the one hand, relief given on the one hand and not on the other, just because whether it is regulated or not.

Deputy S.J. Pinel:

The provision, be it domiciliary or in care homes, has to be regulated, which has caused a bit of a problem but it has had to be regulated, inasmuch as a regulated care provider has to be provided. It cannot, for instance, be a family member or somebody who has not got regulated provision of care. It was agreed in 2007 when G.S.T. law was being developed that the States would uniquely be zero-rated in respect of its own provision of healthcare services, which allows departments to reclaim all

of the G.S.T. charged on them on the supplies they receive. Essentially, the States is not taxing itself for obvious reasons because of the circularity of funding.

Deputy K.F. Morel:

I apologise at my ignorance, I do not quite understand. Are you saying only the States exempted itself and nobody else because of regulation?

Deputy S.J. Pinel:

Yes, the States residential nursing homes were exempt from G.S.T. but the question was about the domiciliary care, I think, rather than the States residential homes.

The Connétable of St. Brelade:

I thank the Minister for her response.