

# **STATES OF JERSEY**



## **DRAFT GOODS AND SERVICES TAX (AMENDMENT) (JERSEY) REGULATIONS 200**

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**Lodged au Greffe on 12th March 2008  
by the Economic Affairs Scrutiny Panel**

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**STATES GREFFE**





Jersey

## **DRAFT GOODS AND SERVICES TAX (AMENDMENT) (JERSEY) REGULATIONS 200**

### **REPORT**

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Members will be aware that the Economic Affairs Scrutiny Panel's Report on the Draft Price and Charge Indicators (Jersey) Law 200- (S.R.16/2007) made the case for two fundamental rights for consumers:

- the right to see clearly the price that will be paid for goods, and
- the right to know how much tax is being paid.

This is a matter of consumer protection. The price that will be paid by the consumer should be marked on the shelf, the tax paid should be marked on the receipt.

Members should be reminded that GST is a tax on the consumer, not on retailers. To reduce the spending power of Jersey consumers by 3% is a significant move by the government. The Panel believes that it is the duty of the government to tell the public, clearly and unequivocally, how much tax has been taken from their weekly shop. To fail to do so would be unfair, and, the Panel believes, unjustifiable.

The right to know the price to be paid is catered for by the broad thrust of inclusive pricing, albeit watered down by the Minister for Economic Development's amendments to the Draft Price and Charge Indicators (Jersey) Law 200-, previously debated. Under the Minister's intended system of 'mostly inclusive' pricing it is not made clear to consumers what level of tax is being paid on each purchase, or overall. In the absence of a clear statement of the tax being paid, inclusive pricing is exposed to accusations that it is in effect a 'stealth tax'.

Accordingly, the Panel has brought forward these Regulations in order to ensure one right for consumers in Jersey – the right to know how much tax they are paying to the government.

Just as the public are informed of how much income tax they pay, and how much Social Security has deduced from wages, they also have a right to see how much GST they are paying to the government in any transaction.

This Regulation would not introduce mandatory receipting, that is a debate for the assembly at another time. However, there is a case to be made for the mandatory provision of receipts, as the Director of Consumer Protection noted –

“It would probably be a good idea. I do not know whether or not the Chamber of Commerce would have a view on whether you would want to force traders to give receipts.”<sup>[1]</sup>

Currently the vast majority of businesses provide receipts as matter of course, and those that do not will provide one on request. The Director of Consumer Protection continued –

“Certainly there are not many that do not [give receipts] because if you have to take goods back or you have a problem with them, what will the trader say to you? Can I see your receipt, please? The vast majority of traders, let us face it, do give receipts.”<sup>1</sup>

All that this Regulation requires is that any receipt must clearly show the total GST paid on that transaction.

The fact that consumers will be reminded of this tax every time they visit a shop may also act as a disincentive to future governments to increase the level of taxation, and encourage them to seek alternative methods of balancing budgets.

The Panel recognises that to display the GST paid on receipts may require a certain level of investment from retailers and businesses, however, it believes that most businesses registered for GST (with a turnover greater than £300,000) would be in a position to make the relatively modest investment necessary.

Businesses under the GST registration threshold could consider the additional costs of providing receipts showing GST when deciding whether or not to register.

There are no significant financial or manpower implications for the States arising from this proposition. Some additional regulatory responsibilities might fall on the Consumer Protection section of the Economic Development Department. This could be met from within existing cash limits.

## **Explanatory Note**

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The object of these Regulations is to amend the Goods and Services Tax (Jersey) Regulations 2007 to require a registered person to state on any receipt that the person issues concerning a supply of goods or services how much GST is charged on the supply.





Jersey

# DRAFT GOODS AND SERVICES TAX (AMENDMENT) (JERSEY) REGULATIONS 200

*Made*

*[date to be inserted]*

*Coming into force*

*[date to be inserted]*

**THE STATES**, in pursuance of Articles 94 and 100 of the Goods and Services Tax (Jersey) Law 2007<sup>[1]</sup>, have made the following Regulations –

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## **1 Regulation 29 amended**

After Regulation 29(4) of the Goods and Services Tax (Jersey) Regulations 2007<sup>[2]</sup> the following paragraph shall be inserted –

“(4A) A registered person shall set out in any receipt (not being a GST invoice) that the person issues in relation to a supply by the person of goods or services the amount of GST that is chargeable on the supply.”.

## **2 Citation and commencement**

- (1) These Regulations may be cited as the Goods and Services Tax (Amendment) (Jersey) Regulations 200-.
- (2) These Regulations shall come into force on the seventh day after they are made.

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[1] Mr. T. Le Roux, Public Hearing 24th July 2007 transcript, page 5

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[1] *L.27/2007*

[2] *R&O.133/2007*