

# STATES OF JERSEY



## **DRAFT GOODS AND SERVICES TAX (AMENDMENT No. 3) (JERSEY) LAW 201-**

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**Lodged au Greffe on 26th October 2010  
by the Minister for Treasury and Resources**

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**STATES GREFFE**





Jersey

## **DRAFT GOODS AND SERVICES TAX (AMENDMENT No. 3) (JERSEY) LAW 201-**

### **European Convention on Human Rights**

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000 the Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources the provisions of the Draft Goods and Services Tax (Amendment No. 3) (Jersey) Law 201- are compatible with the Convention Rights.

(Signed) **Senator P.F.C. Ozouf**

## REPORT

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This Draft Law gives effect to proposals described in the Expenditure Proposals for 2012 and 2013 and Draft Budget Statement 2011.

### **Financial and manpower implications**

The financial and manpower implications are clearly identified at Part C of the Expenditure Proposals for 2012 and 2013 and Draft Budget Statement 2011 (P.157/2010).

### **European Convention on Human Rights**

Article 16 of the Human Rights (Jersey) Law 2000 requires the Minister in charge of a Projet de Loi to make a statement about the compatibility of the provisions of the Projet with the Convention rights (as defined by Article 1 of the Law). On 21st October 2010 the Minister for Treasury and Resources made the following statement before Second Reading of this Projet in the States Assembly –

In the view of the Minister for Treasury and Resources the provisions of the Draft Goods and Services Tax (Amendment No. 3) (Jersey) Law 201- are compatible with the Convention Rights.

## Explanatory Note

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This draft Law clarifies some provisions of the Goods and Services Tax (Jersey) Law 2007, reduces certain surcharges and increases a value limit on certain supplies.

*Article 1* names as the “principal Law” the Goods and Services Tax (Jersey) Law 2007.

*Article 2* changes Article 6(4) of the principal Law to ensure that when a business is transferred as a going concern, for the transfer not to be chargeable to goods and services tax (“GST”) both the transferor and the transferee must be GST-registered persons.

*Article 3* changes Article 17(6) of the principal Law to make it clear that when a business is transferred as a going concern, the transferee becomes liable to certain GST obligations of the transferor only if –

- (a) both the transferor and the transferee are GST-registered persons; and
- (b) they agree to the transfer of those obligations.

*Article 4* changes Article 74 of the principal Law to reduce the surcharges payable in cases of failure to pay GST on time (from 10% to 2.5%) and failure to furnish a GST return on time (from £200 to £50).

*Article 5* changes paragraph 8 of Schedule 2 to the principal Law to increase from £10 to £100 the minimum value of a gift made by a business if the gift is to be treated as a supply for GST purposes.

*Article 6* specifies the name of the draft Law and that it is to come into force on 1 January 2011.





Jersey

## **DRAFT GOODS AND SERVICES TAX (AMENDMENT No. 3) (JERSEY) LAW 201-**

### **Arrangement**

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#### **Article**

1	Interpretation .....	9
2	Article 6 amended .....	9
3	Article 17 amended .....	9
4	Article 74 amended .....	10
5	Schedule 2 amended.....	10
6	Citation and commencement.....	10







Jersey

## **DRAFT GOODS AND SERVICES TAX (AMENDMENT No. 3) (JERSEY) LAW 201-**

**A LAW** to amend further the Goods and Services Tax (Jersey) Law 2007.

*Adopted by the States* [date to be inserted]

*Sanctioned by Order of Her Majesty in Council* [date to be inserted]

*Registered by the Royal Court* [date to be inserted]

**THE STATES**, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law –

### **1 Interpretation**

In this Law “principal Law” means the Goods and Services Tax (Jersey) Law 2007<sup>1</sup>.

### **2 Article 6 amended**

For Article 6(4) of the principal Law, there shall be substituted the following paragraph –

“(4) Despite paragraph (1), the disposition (whether or not in connection with its reorganization or winding up) of a business as a going concern shall not be chargeable to GST if, at the time when the disposition takes effect, the party whose business is disposed of and the party to whom the business is disposed of are both registered persons.”.

### **3 Article 17 amended**

For Article 17(6) there shall be substituted the following paragraph –

“(6) If a business carried on by a taxable person is transferred to another person as a going concern and both the transferor and the

transferee are registered persons, then except to the extent that the States by Regulations otherwise provide –

- (a) if the transferor and the transferee so agree, and so notify the Comptroller, any obligation, duty, or liability, under a provision of this Law or the Regulations (other than any liability for a penalty tax or surcharge or any criminal liability), of the transferor shall become an obligation, duty, or liability, of the transferee; and
- (b) any right of either the transferor or the transferee to repayment or credit in respect of GST may be satisfied by repayment or credit to the other.”.

**4 Article 74 amended**

For Article 74(1) and (2) of the principal Law there shall be substituted the following paragraphs –

- “(1) If a person fails to pay an amount of GST on time the person shall be liable to pay a surcharge of 2.5% of the amount.
- (2) If a person fails to furnish on time a return that is required by or under this Law in respect of a prescribed accounting period that applies to the person, the person shall be liable to pay a surcharge of £50 on the amount of GST that the person is required to pay in respect of that period.”.

**5 Schedule 2 amended**

In paragraph 8(2)(a) of Schedule 2 to the principal Law, for the amount “£10” there shall be substituted the amount “£100”.

**6 Citation and commencement**

- (1) This Law may be cited as the Goods and Services Tax (Amendment No. 3) (Jersey) Law 201-.
- (2) This Law shall come into force on 1st January 2011.

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<sup>1</sup> *chapter 24.700*