

# STATES OF JERSEY



## DRAFT BUDGET STATEMENT 2018 (P.90/2017): FIFTH AMENDMENT

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Lodged au Greffe on 15th November 2017  
by Senator P.F.C. Ozouf

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STATES GREFFE

**PAGE 2, NEW PARAGRAPH (e) –**

After paragraph (d) insert the following new paragraph –

- “(e) to request the Minister for Treasury and Resources: (i) to take steps to quantify the amount of Value Added Tax (VAT) paid by Jersey residents to H.M. Revenue and Customs as a result of UK retailers levying VAT rather than GST; (ii) to undertake a programme of engagement and awareness-raising with such firms to ensure that they levy the correct sales tax; (iii) to report on progress with this work by 10th April 2018; and (iv) to make available from the Contingency budget the resources required by the Comptroller of Taxes to ensure that this work is undertaken without affecting progress with other work-streams”.”.

SENATOR P.F.C. OZOUF

## REPORT

This proposal aims to reduce the cost of living of Islanders.

Jersey residents who purchase goods online and have them delivered to Jersey are often charged the UK VAT 20%.

Sometimes this is remitted to Her Majesty's Revenue and Customs in the United Kingdom ("HMRC").

Sometimes it is collected and retained by the major retailer.

Examples of large popular UK brands who charge Islanders at the same rate as UK consumers are –

1. Goods billed via Amazon third party "UK Market Place" (*not the sales directly from Amazon UK who deduct UK VAT*)
2. Boots online
3. Cotton Traders Online UK
4. e-Bay
5. Etsy
6. Debenhams Online UK
7. Harvey Nichols Online UK
8. Next Online UK
9. Marks and Spencer UK (not the Jersey M&S local franchise)
10. Sports Direct Online UK.

This is an issue which needs to be dealt with.

The amount of consignments imported into Jersey has increased from 73,000 in 2013 to 84,500 in 2016.

There is a need for a proactive and positive strategy of engagement and awareness-raising with those and other major UK retailers who sell into Jersey, to attempt to alert them of our own sales tax rules.

I understand that such retailers should be provided with help and guidance to them so that the correct sales taxes are applied.

If necessary, I invite the Minister for Treasury and Resources to bring any legislation which is deemed necessary to require and encourage compliance with both UK and Jersey Tax, at the latest in next year's Budget.

The interim report on progress is requested to provide the Assembly during its term of office with information on progress.

I would also like to offer the suggestion, under the powers in the Memorandum of Understanding with Jersey Post Ltd., that the Ministers for Treasury and Resources, and Economic Development, Tourism, Sport and Culture, would move to provide Islanders with a UK delivery base for goods purchased from any UK company that currently either does not deliver to Jersey or does not agree to reduce the VAT to apply the appropriate respective sales taxes, and charge Islanders the same price as UK resident customers, which includes VAT (whether they remit any VAT amount to HMRC).

I would like to investigate whether Jersey Post could seek to put in place, after discussions with HMRC, a VAT refunds scheme for goods to be delivered to Islanders on a timely basis in return for an administrative fee reflecting the cost of pricing such a service for the delivery of those goods via the Jersey Post's network at a price VAT-free, subject to the prevailing currently Jersey LVCR.

The Treasury could further agree to provide the necessary upfront resources to Jersey Post that are required to set up and implement this new arrangement as soon as practicable from annual contingencies, and to agree and report such allocations through the existing reporting arrangements.

### **Financial and manpower implications**

It is difficult to know exactly how much would be required. The proposition proposes consultation with the Minister for Treasury and Resources, and the Treasurer of the States is delegated and authorised to apply from the annual contingencies (shown in Figure 40). Any funding and resources necessary are made available to the Comptroller of Taxes to ensure all available resources are available to achieve this task without reducing any other work in the Treasury, and without further recourse to the Council of Ministers, but to report any such allocations to the Assembly through the existing reporting arrangements.