

2.4 Deputy K.C. Lewis of St. Saviour of the Minister for Treasury and Resources regarding whether G.S.T. would be charged on Sky or other satellite television subscriptions:

Further to news that G.S.T. (Goods and Services Tax) will not be charged on the B.B.C. (British Broadcasting Corporation) television licence, can the Minister inform Members whether G.S.T. will be charged on Sky or other satellite television subscriptions?

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

Firstly I should explain to Members why the B.B.C. licence fee is not subject to V.A.T. (Value Added Tax) in the U.K. and will not be subject to G.S.T. when the tax is introduced next May. The B.B.C.'s legal status is that of a public authority. Its broadcasting activity is carried out under terms of the Royal Charter and is financed by means of the licence fee. The broadcasting activity is, therefore, not considered to be business activity for consumption tax purposes because it is carried out as part of its duties as a public authority. This is not the case for other independent television companies, including Sky, which operate as normal commercial organisations and derive income through a range of business activities which are subject to tax. Subscribers in the U.K. are currently charged 17.5 per cent V.A.T. and subscribers in Jersey will be charged three per cent G.S.T. after May next year. This is because the tax is levied in the place of consumption rather than the place of supply.