

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY G.C.L. BAUDAINS OF ST CLEMENT**

**ANSWER TO BE TABLED ON TUESDAY 15th JANUARY 2008**

**Question**

Would the Minister advise members of -

- (a) the latest list of GST exempt items;
- (b) the procedure that will allow both registered and unregistered traders to reclaim GST already paid on goods which are ultimately sold at a reduced price or are not able to be sold at all (for example perishables or items which are no longer in fashion);
- (c) the procedure for reclaiming GST on returned goods which are surplus to requirements, unsaleable, returned under warranty and so on;
- (d) the procedure for payment of GST by non-registered traders when the imported goods are urgently required, and the expected timescale for such procedure.

**Answer**

- a) Supplies that have been excluded from the tax base are listed in the GST Law under Schedule 5 (Exempt) and Schedule 6 (Zero rate) which were approved by the States in April 2007. The exclusions were revised by amendments (additions) contained in the GST Regulations which were approved by the States in October 2007. The range of exclusions has been debated by the States on four separate occasions (the latest being in November 2007). I can forward a copy of the relevant schedules to the Deputy but in brief there are 8 groups of Exempt supplies in Schedule 5:-

- o Finance services;
- o Insurance;
- o Postal Services;
- o Medical and paramedical supplies;
- o Supplies by Charities;
- o Child Care;
- o Education and Burial and Cremation

and 5 groups of zero rate supplies in Schedule 6:-

- o Dwelling;
- o Land;
- o Medicines on prescription;
- o Exports; and
- o International services.

- b) Perhaps I should start by reminding the Deputy how GST/VAT systems work. Any business registered for GST is entitled to reclaim the tax paid on all expenditure (expenses and goods for resale) as input tax on the quarterly GST return. All goods and assets are in effect held tax free. GST must be charged on the goods when they are supplied on the value of the consideration involved (i.e. on the actual sale price if reduced). If they are not sold (e.g. perishables or say destroyed by fire) then no GST is chargeable. The onus will be on the business to provide adequate records to show any write off of stock.

What must be borne in mind is that purchases/expenses (GST input tax) and sales (GST output tax) are two separate events in GST/VAT systems.

The non registered GST trader cannot reclaim any GST incurred on purchases/expenses but they do not have to account for GST on any of their sales.

- c) The procedure for returned goods under GST is not that different to current practice. If any goods are returned to a supplier by either a GST registered or non registered trader then the supplier, depending on their terms and conditions will raise a tax credit note or provide a full refund. In the specific case of goods returned under a warranty then goods subsequently repaired or replaced are not considered to be a supply for GST purposes (tax is not charged).
- d) A non GST registered trader can still apply to Customs for approved importer status and as such will be allowed to clear all imported goods under current timescales (whether they are required urgently or not). They will be allowed to enter goods 10-15 days after the goods have arrived and pay any GST/duty after a further 15 days.

It would only be if a non GST registered trader does not request or obtain approved importer status that they will be expected to enter and pay any GST/duty before the goods are released. Entry and payment can be made electronically in advance of the date of import in which case the goods will be released on arrival.

The procedures for imported goods for both GST registered and non registered traders have been agreed with the Chamber of Commerce to ensure that there should be no delays in the movement of goods into and out of Jersey.