

2.6 Senator F. du H. Le Gresley of the Minister for Treasury and Resources regarding a review of the *de minimis* waiver within 12 months of the introduction of G.S.T:

Given that in February 2008, in response to S.R. 1/2008, his predecessor gave the Assembly an assurance that a review of the *de minimis* waiver would be carried out within 12 months of the introduction of G.S.T. (Goods and Services Tax), could the Minister explain why the subsequent review by H.M.R. and C. (Her Majesty's Revenue and Customs) did not include this within the terms of reference and advise whether this review will now be undertaken without further delay?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

A post implementation review of G.S.T. was performed by H.M.R. and C. in December 2008, and the report was released in January 2009. The terms of reference issued for the assignment were deliberately broad so that all aspects of the implementation could be covered. At the start of the review it was made clear that all policy issues were to be covered and this included the *de minimis* limit for imports. The final report lists those people and organisations that were interviewed during the process, and that included the Chamber of Commerce and other business interests. All policy and strategic issues, including the *de minimis* level, were reviewed with stakeholders. Their conclusion, which I consider to be sound advice, at the time was that G.S.T. should remain substantially as implemented and bedded-in for at least a period of 2 years without significant change. Should the Assembly, however, agree to the change in G.S.T. rate and the *de minimis* waiver remains at £12, all goods with a value above £240 imported by private individuals after 1st June 2011 will be liable to G.S.T.

2.6.1 Senator F. du H. Le Gresley:

His predecessor in the response to the same S.R. 1/2008 also said in response to the following statement by the Scrutiny Panel: "Local retailers play an important role in the Island's economy and have a strong case for believing that a high *de minimis* level will give external competition an unfair advantage, which will harm their businesses and ultimately harm consumer interests." Does the Minister agree that this has now happened?

Senator P.F.C. Ozouf:

I do not agree that it has now happened. There was obviously extensive discussion about the *de minimis* level when G.S.T. was implemented. But if the Assembly does agree to the increase in G.S.T. of 5 per cent, and the *de minimis* waiver remains at £12, all import ... effectively the amount of tax free, G.S.T. free limit exemption will be reduced from £400 to £240. So if there is a concern about that then obviously it will be a different situation with respect to a level playing field after the rate increase.