

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 26th JUNE 2012**

Question

Will the Minister, as the shareholder representative, advise the Assembly –

- (a) the current system being used by Jersey Post to collect VAT receipts from Jersey residents sending goods to the UK and the rules being applied;
- (b) the value of VAT receipts that have been collected to date since Jersey Post started collecting these payments for H.M. Government (HMG) ;
- (c) whether Jersey Post is compensated financially by HMG for the collection and, if so, what is the amount they have received;
- (d) whether the VAT is being charged at a standard rate of 20% across the board or whether there are different rates being applied to different goods; and,
- (e) if any goods are not subject to UK VAT and if so what they are?

Answer

As the representative of the shareholder, the board of Jersey Post Limited deals with all the operational issues. Jersey Post has provided responses to the questions raised but has also confirmed that most of this information is available for everyone to see on their website and was included in the leaflet delivered to every household in early May 2012.

- a) Jersey Post offers a VAT prepayment scheme approved by Her Majesty's Revenue and Customs (HMRC). The intention of the scheme is to minimise the delays and extra costs to Island residents and businesses caused by the need for HMRC to inspect items entering the UK to determine whether UK VAT is payable. Where VAT is due Royal Mail make a collection charge of £8 for each item.
- b) Jersey Post has been collecting VAT on behalf of HMRC for a number of years on behalf of fulfilment customers dispatching products to the UK. In 2011 £5.4 million was collected. The scheme offered at Post Office branches, which it is assumed the Deputy is referring to, was introduced on 1st April 2012 and up until 31st May £42,914 had been collected. In the case of fulfilment customers Jersey Post collected £3.2 million on behalf of HMRC for the first accounting period (effectively one month) following the withdrawal of LVCR although this is expected to reduce dramatically in the coming months.
- c) Jersey Post is not currently compensated for providing this service, but intends to approach HMRC again when the volumes and additional costs incurred have been established. Jersey Post's first priority was to minimise delays to Islanders' mail.
- d) The prepayment scheme only applies to goods where VAT applies at the standard rate. This is at the insistence of HMRC who take the view (one shared by Jersey Post) that its staff are not qualified to assess whether the reduced rate is applicable.
- e) VAT is an extremely complicated tax with numerous exemptions. The common items that are zero rated for VAT are food, children's clothing, and some books. This was highlighted in the leaflet sent to Island households.