

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 17th JULY 2012**

Question

Does the Minister consider it fair and equitable that Jersey consumers sending goods to the UK have to pay Value Added Tax (VAT) to HM Revenue and Customs at 20% when the sender may have previously paid VAT on them when they purchased the goods in question in the UK, or if the goods were exempt or zero rated from VAT and, if not, what action, if any, will the Minister be taking to resolve this situation?

Answer

It is not clear from the question whether the Deputy is referring to Jersey consumers returning goods to a supplier in the UK or sending them to another person in the UK, for example, as a gift.

Generally goods bought directly from a UK supplier would not be subject to VAT, as the goods have been exported and there should be no element of double charging.

Returned Goods Relief (RGR) can apply when a Jersey consumer returns an item bought from a UK supplier to that supplier, after paying VAT on it in the UK. In this case, relief from UK import VAT may be granted by HMRC in specific circumstances where the importer (in this case the UK recipient) can show that the goods have previously been subject to VAT. As noted above however, VAT should not have been charged on the original purchase as the goods were exported from the UK.

The various conditions that apply in the wide range of possible circumstances are published in HMRC Notice 236 (link below) and specifically include at paragraph 2.3 which states:-

For VAT purposes, we treat goods returned to the UK from the Special Territories and countries which have customs unions with the EC as imported goods. That is because these areas are outside the VAT fiscal territory of the Community. If you want to claim VAT RGR on such goods, you must declare them on Form C88 and use CPC 49 00 58 or 49 00 63. You can also claim a waiver of the three year time limit (paragraph 2.4) using the former CPC.

Jersey is a Special Territory for these purposes.

If a Jersey consumer buys goods from a UK supplier, imports them to Jersey and sends them to another person in the UK (for example as a gift) no such relief is available. However, as noted above, the Jersey consumer should not have been charged VAT on the purchase.

As stated in the response to written question 6948 dated 26 June 2012, the VAT prepayment scheme is not applied to goods which are not subject to VAT at the standard rate of 20%. Therefore those which are exempt or zero rated should not be subject to VAT under the prepayment scheme.

The administration and collection of VAT on goods imported into the United Kingdom is the responsibility of HM Revenue and Customs. Although Jersey assists the United Kingdom through the VAT prepayment scheme, Jersey cannot determine the VAT rules which apply in the UK.

Link to HMRC Notice 236

http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&id=HMCE_CL_000226&propertyType=document