

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 12th NOVEMBER 2019**

Question

Will the Minister advise members –

- (a) whether there are any agreements between Jersey's Customs and Immigration Service and the U.K.'s customs authorities with respect to the collection of V.A.T. on goods posted or sent from Jersey to the U.K.;
- (b) whether he is aware of any parcels being held up, either in Jersey or the U.K., in order that it can be checked whether V.A.T. is payable and, if so, state for how long, on average, such parcels are delayed or detained and the procedure used to recover the V.A.T. payments from the sender or recipient;
- (c) whether there are any reciprocal agreements whereby the U.K.'s customs authorities collect G.S.T. for the Customs and Immigration Service and, if so, what amount of money has been raised each year since they began collecting this tax and, if there are no such reciprocal agreements but they exist in relation to V.A.T., why Jersey is providing this service for the U.K. authorities in relation to V.A.T.; and
- (d) what rules are followed in determining whether V.A.T. is applicable to any parcel or shipment and who is responsible for making that determination?

Answer

- a) There exists a Memorandum of Understanding (MOU) between Her Majesty's Revenue & Customs (HMRC), the Jersey Customs & Immigration Service (JCIS) and Jersey Post Limited (Jersey Post) namely, the UK Import VAT Accounting Scheme (IVAS) or the 'Scheme', which consists of arrangements for:

“The accounting of UK Import VAT on all commercial consignments (excluding alcohol, tobacco and tobacco products) not exceeding the statistical threshold of £873 in value, that would otherwise be chargeable on goods on importation into the UK.”

- b) HMRC established the Scheme to allow locally registered IVAS traders to pay VAT on mail order goods only exported to the UK via Jersey Post. Being party to the Scheme removes friction at the UK border meaning consignments can move unhindered by HMRC fiscal checks. This enables goods to be delivered directly to the customer without incurring any further charges or delay. These are important benefits for the IVAS trader. The Scheme was introduced in response to the UK Government's decision to remove the Low Value Consignment Relief (LCVR) for goods originating in the Channel Islands. The Minister is not aware of any delays either here or in the UK to parcels sent under the Scheme.

The IVAS trader is obliged to submit a retrospective monthly report to Jersey Post detailing all sales for all goods sent under the Scheme. The VAT liability is determined by the conditions detailed in (a) above and the prevailing UK VAT rate for the good in question. The IVAS trader then remits the UK import VAT due to Jersey Post, who in turn send the total amount collected from all the IVAS traders to HMRC. This happens once a month.

- c) The Government of Jersey is not providing this service. Instead, Jersey Post are recompensed by HMRC to operate and administer the Scheme on their behalf. HMRC does not collect GST on behalf of JCIS, nor does JCIS have any such arrangement with Royal Mail.

Although the UK removed LVCR Jersey still maintains a low value threshold of £240 before taxes, including GST, are collected. The majority of goods sent by mail from the UK fall below the £240 value threshold.

- d) Any commercial consignment sent by post outside of the Scheme is potentially subject to UK import VAT at the point of entry into the UK. The amount payable is determined by HMRC and depends on the prevailing VAT rate associated with the good/s.