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# STATES OF JERSEY



## **“ENVIRONMENTALLY – FRIENDLY” PRODUCTS: ESTIMATE OF THE VALUES OF GOODS SUPPLIED IN JERSEY**

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**Presented to the States on 15th March 2021  
by the Minister for Treasury and Resources**

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**STATES GREFFE**

## REPORT

Deputy Ward’s Amendment 10 to the draft Government Plan 2020-2023 asked the Minister for Treasury and Resources to estimate the effect of decreasing to 0% the GST chargeable on a number of “environmentally-friendly” goods. (The list – below – was further augmented by the amendment of Deputy Kirsten Morel.)

The Minister undertook at that time to estimate the values of such products supplied annually in Jersey. Due to the lack of existing data or information sources, this has been achieved through a general survey of known suppliers and subsequent estimation.

**The Minister remains convinced that reductions in GST are not effective in encouraging the take-up of environmentally-friendly products due to Jersey’s low (5%) rate of GST.** The incentive created by zero-rating would be too little to affect the purchasing decisions of lower-income households and a needless bonus for higher-income households which are more likely in any event to invest in such goods.

Were the Government to incentivise take-up of such products, the Minister may be more inclined to support any investigation of schemes which subsidised the use of environmentally-friendly goods by lower-income households while maintaining the GST rate on such goods.

*Estimation has proved particularly difficult in respect of goods which might be incorporated into new dwellings, where the supply of dwellings will be zero-rated in any event. The values cited will include products ultimately zero-rated.*

The products surveyed are listed in the table below along with the Minister’s estimate of the values (net of GST) supplied annually and the maximum amount of GST potentially involved.

**Table: Estimate of Values of “Environmentally-Friendly” Products Supplied in Jersey in 2019**

<b>Product</b>	<b>Estimate of aggregate value (net of GST) (2019 data)</b>	<b>Maximum amount of GST chargeable</b>
a) Solar panels	Circa £360,000	£18,000
b) Electric space heating replacement of oil heating	Insufficient data available to estimate separately - but partly recognised in (f)	Not estimated
c) Electric cars, motor bikes, scooters and vans	Circa £2.4 million	£120,000
d) Electric bikes and cargo bikes	Circa £680,000	£34,000

e) Loft and cavity wall insulation	Circa £6.2 million	£310,000
f) Double glazing		
g) Installation of ground source heating and air source heat pumps	Circa £1.9 million (including replacement electric boilers for “wet” heating systems)	£95,000

### **Methodology and Notes**

1. Importers of the listed products were identified from data held by Jersey Customs and Immigration Service. Data provided in the 2014/15 Household Expenditure Survey was also considered: however, this information was insufficiently detailed to be helpful.
2. Revenue Jersey surveyed 48 GST-registered businesses identified to be importing these products. 38 businesses replied to the survey. In a number of cases, where information was not provided and a comparable business (which had replied to the survey) could be identified, information reported by the comparable business was used to extrapolate information held by Revenue Jersey in order to calculate an estimate for the business that did not respond to the survey.
3. Where insufficient information/data was provided to form estimates the table is annotated “Not estimated”. In some cases, it has not been possible to analyse values as originally requested and these are grouped appropriately.
4. Only GST-registered businesses importing goods were contacted: the estimates may not therefore include importations by non-GST registered persons (although this is likely to be a negligible consideration).
5. Importers of insulation, double/triple glazed windows and solar panels surveyed could not estimate what proportion of their sales may eventually be sold zero-rated as part of new dwellings.

**MINISTER FOR TREASURY AND RESOURCES  
MARCH 2021**