



PRESS RELEASE

13th December 2007

Corporate Services Scrutiny Panel Goods and Services Tax Review De Minimis Waiver

This press release outlines the GST Sub Panel's proposal to introduce a charge on incoming parcels below the value of £400 as a substitute for GST and other duties.

The GST Sub Panel has been investigating the question of the proposed de minimis level as part of our review of the introduction of GST. We have received submissions on the potential impact of setting a high de minimis level from retailers who believe that it will give off-island suppliers an unfair competitive advantage over on-Island businesses.

In addition, we are concerned about the fact that many people in the community who have access to on-line shopping facilities will be able to purchase a range of items tax-free while others will be paying the tax on their local purchases. This situation is contrary to the general principles of fairness in taxation because the latter will effectively be subsidising the former.

We recognise the practical consequences of setting a low de minimis level in the increased resource implications for the Customs Department and the argument that it would be uneconomical to collect tax below a certain amount. We understand therefore why the Treasury and Resources Minister has settled on the proposal for a high de minimis based on a goods value of £400.

We believe that there is a possible solution which would reduce the unfair elements of a high de minimis identified above whilst also reducing the cost of collection disadvantages of lower value items - we suggest that a form of flat rate fee for items above the value of £150 and below £400 should be charged as a substitute for the GST and Duty.

This will be in effect a 'user pays' charge on many imported items below the de-minimis level.

We believe that consumers who may object to the charge should acknowledge the fact that they are receiving the benefit of a tax-free concession which will offset the charge, and which should be set at a suitable compromise rate. The compromise rate should be based on both the additional collection costs and the waived GST and Duty.

The Sub Panel is seeking the views of representative groups and members of the public regarding the feasibility of this proposal and for this reason we have requested that the debate on de-minimis waiver scheduled for 15th January 2008 be deferred for a short period of four weeks to enable us to carry out this consultation and assess the response.

Members of the public who wish to comment on this proposal are requested to write to the Scrutiny office, Morier House, Halkett Place, St. Helier JE1 1DD or scrutiny@gov.je by 15th January 2008

Ends

Media Interviews

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Notes to editors:

Sub Panel Membership -

Deputy P Ryan (Chairman)

Connétable J Gallichan

Connétable D Murphy

Connétable M Jackson

The Sub Panel has been assisted by an expert adviser, Mr. Richard Teather.

The Sub Panel has published two reports on GST to inform the States debates on exemptions and on the draft legislation. These reports are available on the Scrutiny website at <http://www.scrutiny.gov.je/>