



**CUSTOMS AND IMMIGRATION SERVICE
ANNUAL REPORT
2012**

MISSION STATEMENT

THE CUSTOMS AND IMMIGRATION SERVICE IS COMMITTED TO PROVIDING A STRONG AND EFFECTIVE BORDER CONTROL IN ORDER TO PROTECT JERSEY FROM THE THREATS OF:

- ILLEGAL IMMIGRATION AND THE MOVEMENT OF PROHIBITED OR RESTRICTED GOODS; AND
- LOSS OF GOVERNMENT REVENUE FROM THE EVASION OF IMPORT TAX OR DUTY;

WHILST HONOURING THE ISLAND'S EXTERNAL CUSTOMS, IMMIGRATION, PASSPORT AND NATIONALITY OBLIGATIONS AND, WHEREVER PRACTICAL, MEETING THE PRINCIPLES OF FREE MOVEMENT FOR PEOPLE AND GOODS.

INDEX

| | PAGE |
|-----------------------------|---------|
| FOREWORD | 1 - 2 |
| WHAT WE DO | 3 - 5 |
| LAW ENFORCEMENT | 6 - 16 |
| REVENUE AND GOODS CONTROL | 17 - 26 |
| IMMIGRATION AND NATIONALITY | 27 - 42 |
| RESOURCES | 43 - 45 |

FOREWORD

FOREWORD BY THE HEAD OF SERVICE

I am very pleased to present the Customs and Immigration Service's Annual Report for 2012.

Over the coming months and years we will see the results of the Public Sector Reform process which has been initiated by the Chief Minister. At the core of the Reform process is the need to ensure that the public sector is embracing modern working methods to deliver the best results with a flexible use of resources. This objective has my full support and is a principle that we, in Customs and Immigration, have always adhered to. The focus on reform has caused me to reflect on the way our Service currently manages its resources to achieve results. Notwithstanding that there must always be room for improvement I do believe that we have developed a flexible and modern approach to our work, as I will explain.

The Service has a number of work streams but they all have one common interlinking theme - they comprise of functions to do with the movement of people and goods into and out of the Island (the full breadth of our work can be seen in the 'What We Do' section of this Report.) Viewing all our areas of work as completely discrete and separate would give a distorted view of how they are managed within the Service. All our functions have a degree of overlap, albeit some to a greater extent than others. Two examples will help demonstrate this overlap:

1. The administration and collection of the Customs and Excise duties is principally an office based function carried out at Maritime House but the Officers on duty at the Harbour and Airport controls regularly encounter instances of dutiable goods (either declared or not) which they have to deal with.
2. The Officers who man the controls at the Harbour and Airport are Customs and Immigration Officers. They can and do undertake both distinct responsibilities, often switching from one to the other during the course of a working shift. This has been the case since 2006 and followed the merging of the two previously separate Departments of Customs & Excise and Immigration & Nationality.

There are many other instances of interaction too numerous to list in this foreword. To manage these interactive work streams we have had to develop a fully flexible and adaptable work force. For many years we have used a system of multifunctionality for all Officers up to and including Director level. Multifunctionality means that every Officer and manager is trained in all disciplines of the Service and can be called upon to work in any area.

FOREWORD

Officers are usually seconded to any one section in the Service for between three and five years. This time period enables them to become trained within the section and become fully acquainted with any specialisms. It also ensures that all officers have the opportunity to move through the various sections. This results in the ability to deploy Officers at a moment's notice from one section to another if there is an unforeseen or exceptional demand. It also allows Officers to apply skills and knowledge from any one section to all other aspects of their work, which complements the previously stated interaction between our work streams.

In summary the benefits of the multifunctionality approach within a unified Service are:

- A flexible workforce able to move efficiently from one function to another
- Maximisation of the synergies between the work streams
- The ability to react quickly to changing priorities
- Increased job satisfaction for staff offering a diverse and varied career
- The effective use of limited manpower resources

It is not overstating the case to say that the Service relies on multifunctionality and would not be able to manage its workload without it. I firmly believe that this leads to the Service being structured and run in a particularly efficient (not to mention cost effective) way and allows us to most effectively discharge our responsibilities and achieve excellent results within our limited resources.

Structures and systems are, of course, empty vessels without people and I want to stress how privileged I feel to work with such a dedicated and professional staff. We all have pride in the way the Service contributes so effectively to the safety and well-being of our Island.

Michael Robinson
Head of Service

WHAT WE DO

Core Functions

- Countering the smuggling of prohibited, restricted and dutiable goods by the effective control of passengers and goods
- Preventing illegal immigration by maintaining border controls on persons arriving from outside of the Common Travel Area (UK, Republic of Ireland, Guernsey and the Isle of Man)
- Collecting and accounting for Customs and Excise duties, including import GST
- Investigating fully all offences against the Customs and Immigration Laws
- Preparing case files for HM Attorney General for the prosecution of major offences
- Maintaining an intelligence resource to detect serious organised criminality targeted against the Customs or Immigration controls
- Investigating drug financial crime and seizing the assets of drug traffickers, in partnership with the States of Jersey Police
- Administering the import and export licensing regimes for applicable goods
- Ensuring compliance with European Union rules on the commercial movement of goods
- Issuing British passports and managing the naturalisation of foreign nationals as British citizens
- Arranging the deportation of foreign nationals where the Lieutenant-Governor deems their presence not conducive to the public good
- Authorising entry clearance visas for persons wishing to travel to Jersey
- Issuing work permits to qualifying foreign nationals

Legislation

The varied work of the Service is demonstrated by the large amount of legislation that contains provisions relating to Customs and Immigration functions.

The table on the next two pages lists the legislation in alphabetical order. The principal legislation that applies to the Service is marked # and shown in bold.

WHAT WE DO

| | |
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| Antarctic (Jersey) Regulations 1997 | Consumer Safety (Jersey) Law 2006 |
| Arbitration (International Investment Disputes) (Jersey) Order 1979 | Customary Law (Choses Publiques) (Jersey) Law 1993 |
| Artificial Insemination of Domestic Animals (Jersey) Law 1952 | # Customs and Excise (Import and Export Control) (Jersey) Order 2006 |
| # Asylum and Immigration Act 1996 (Jersey) Order 1998 | # Customs and Excise (Jersey) Law 1999 |
| Aviation Security (Jersey) Order 1993 | Democratic Republic of the Congo (United Nations Sanctions) (Channel Islands) Order 2003 |
| Broadcasting Act 1990 (Jersey) (No. 2) Order 1991 | Democratic Republic of the Congo (United Nations Sanctions) (Channel Islands) Order 2005 |
| Certificates of Origin (Produce of the Soil) (Jersey) Law 1961 | Diseases of Animals (Rabies) (Importation of Mammals) (Jersey) Order 2011 |
| Chemical Weapons Act 1996 (Jersey) Order 1998 | Drug Trafficking Offences (Enforcement of Confiscation Orders) (Jersey) Regulations 2008 |
| Civil Aviation (Investigation of Air Accidents and Incidents) (Jersey) Order 2000 | Drug Trafficking Offences (Jersey) Law 1988 |
| Civil Aviation (Jersey) Law 2008 | European Bank for Reconstruction and Development (Immunities & Privileges) (Jersey) Regulations 1999 |
| Civil Aviation Act (Jersey) Order 1990 | European Communities (Jersey) Law 1973 |
| Civil Aviation Act 1982 (Jersey) Order 1990 | # Excise Duty (Relief and Drawback) (Jersey) Order 2000 |
| # Community Customs (Wine and Spirits) (Jersey) Order 2000 | Explosives (Jersey) Law 1970 |
| Community Provisions (Restrictive Measures – Belarus) (Jersey) Order 2011 | # Extradition (Application to Customs and Excise) (Jersey) Order 2011 |
| Community Provisions (Restrictive Measures – Burma/Myanmar) (Jersey) Order 2008 | Extradition (Jersey) Law 2004 |
| Community Provisions (Restrictive Measures – Cote d'Ivoire) (Jersey) Order 2011 | Firearms (General Provisions) (Jersey) Order 2011 |
| Community Provisions (Restrictive Measures – Egypt) (Jersey) Order 2011 | Firearms (Jersey) Law 2000 |
| Community Provisions (Restrictive Measures – Guinea) (Jersey) Order 2010 | Food Safety (Jersey) Law 1966 |
| Community Provisions (Restrictive Measures – Iran) (Jersey) Order 2010 | Goods and Services Tax (Jersey) Law 2007 |
| Community Provisions (Restrictive Measures – Iran) (No. 2) (Jersey) Order 2011 | Goods and Services Tax (Jersey) Regulations 2007 |
| Community Provisions (Restrictive Measures – Lebanon) (Jersey) Order 2007 | Hong Kong Economic and Trade Office (Privileges and Immunities) (Jersey) Law 1998 |
| Community Provisions (Restrictive Measures – Lybia) (Jersey) Order 2011 | # Immigration Act 1971 - as extended by the Immigration (Jersey) Order 1993 |
| Community Provisions (Restrictive Measures – North Korea) (Jersey) Order 2007 | # Immigration (Fees) (Jersey) Order 2010 |
| Community Provisions (Restrictive Measures – Syria) (Jersey) Order 2011 | # Immigration (Hotel Records) (Jersey) Order 1999 |
| Community Provisions (Restrictive Measures – Tunisia) (Jersey) Order 2011 | # Immigration (Removal Directions) (Jersey) Order 2004 |
| Community Provisions (Restrictive Measures – Zimbabwe) (No. 6) (Jersey) Order 2007 | # Immigration (Work Permits) (Jersey) Rules 1995 |
| Community Provisions (Wire Transfers) (Jersey) Regulations 2007 | # Immigration and Asylum Act 1999 (Jersey) Order 2003 |
| Community Provisions Dual-Use Items (Export Control) (Jersey) Regulations 2002 | # Import and Export (Ports and Airport) (Jersey) Order 2000 |
| Companies (Takeovers and Mergers Panel) (Jersey) Law 2009 | Iraq (United Nations Sanctions) (Channel Islands) Order 2003 |

WHAT WE DO

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| Landmines Act 1998 (Jersey) Order 2001 | Protection of Employment Opportunities (Jersey) Law 1988 |
| Liberia (United Nations Sanctions) (Channel Islands) Order 2004 | Public Health (Ships) (Jersey) Order 1971 |
| Libya (United Nations Sanctions) (Channel Islands) Order 1992 | Public Records (Jersey) Law 2002 |
| Medicines (Jersey) Law 1995 | Radio Equipment (Jersey) Law 1997 |
| Mental Health (Jersey) Law 1969 | Regulation of Investigatory Powers (Codes of Practice) (Jersey) Order 2006 |
| Merchandise Marks (Jersey) Law 1958 | Regulation of Investigatory Powers (Jersey) Law 2005 |
| Merchant Shipping (Oil Pollution) (Jersey) Order 1997 | Regulation of Investigatory Powers (Miscellaneous Provisions) (Jersey) Order 2006 |
| Misuse of Drugs (Jersey) Law 1978 | Rehabilitation of Offenders (Exceptions) (Jersey) Regulations 2002 |
| Misuse of Drugs (Substances Useful for Manufacture) (Jersey) Order 2007 | Restriction on Smoking (Workplaces) (Jersey) Regulations 2006 |
| Money Laundering (Jersey) Order 2008 | Sea Fisheries (Channel Islands) Order 1973 |
| Motor Vehicle Registration (General Provisions) (Jersey) Order 1993 | Sex Offenders (Jersey) Law 2010 |
| Organisation for Economic Co operation and Development (Immunities & Privileges) (Jersey) Regulations 1999 | Shipping (Fishing Vessels Safety Provisions) (Jersey) Order 2004 |
| Plant Health (Jersey) Law 2003 | Shipping (Jersey) Law 2002 |
| Plant Health (Jersey) Order 2005 | Shipping (Load Line) (Jersey) Regulations 2004 |
| Police Force (Jersey) Law 1974 | Shipping (Survey and Certification) (No. 2) (Jersey) Order 2005 |
| Police Force (Prescribed Offences) (Jersey) Order 1974 | Social Security (Mariners) (Jersey) Order 1974 |
| # Police Procedures and Criminal Evidence (Application to Customs and Excise) (Jersey) Order 2004 | Somalia (United Nations Sanctions) (Channel Islands) Order 2002 |
| Police Procedures and Criminal Evidence (Codes of Practice) (Jersey) Order 2004 | South Africa (Jersey) Law 1962 |
| Police Procedures and Criminal Evidence (Jersey) Law 2003 | State Immunity (Jersey) Order 1985 |
| Police Procedures and Criminal Evidence (Testing for Class A drugs) (Jersey) Order 2004 | Sudan (United Nations Measures) (Channel Islands) Order 2005 |
| Policing of Beaches (Jersey) Regulations 1959 | Supply of Goods and Services (Jersey) Law 2009 |
| Policing of Parks (Jersey) Regulations 2005 | Terrorism (Jersey) Law 2002 |
| Policing of Roads (Jersey) Regulations 1959 | The Air Navigation (Jersey) Order 2008 |
| Postal Services (Jersey) Law 2004 | The Lebanon and Syria (United Nations Measures) (Channel Islands) Order 2006 |
| Prison (Jersey) Rules 2007 | The Wireless Telegraphy (Jersey) Order 2006 |
| Privileges and Immunities (Diplomatic, Consular, etc.) (Jersey) Law 1998 | Trade Marks (Jersey) Law 2000 |
| Proceeds of Crime (Cash Seizure) (Jersey) Law 2008 | Trade Marks (Jersey) Order 2000 |
| Proceeds of Crime (Enforcement of Confiscation Orders) (Jersey) Regulations 2008 | Transfer of Prisoners (Restricted Transfers) (Channel Islands and Isle of Man) Order 1998 |
| Proceeds of Crime (Jersey) Law 1999 | # = Principal legislation |

LAW ENFORCEMENT

INTRODUCTION TO LAW ENFORCEMENT

The Law Enforcement section of the Service consists of Frontier Teams, the Service Investigation Unit, Customs and Immigration Officers in the Joint Financial Crimes Unit and the Service Intelligence Bureau. The Officers in these sections are responsible for investigating drug importations, financial crime, aspects of drug trafficking, immigration offences and excise/import GST fraud. The strategy that will be adopted when investigating these types of offences is as follows:-

Drugs

The Service will investigate the importation of all types of controlled drugs.

For this purpose the intelligence and investigation sections will work together and support each other in the development of target operations to arrest and prosecute the principals behind syndicates attempting to import controlled drugs into the Island.

Wherever possible the Service will look to work jointly with other law enforcement agencies, both on and off Island, to achieve its aims in this area.

In such operations, Officers of the Service will always look to effect arrests and make seizures where this will cause the greatest impact on the drug syndicate itself. If this means arranging for action to be taken by a law enforcement agency outside the Island then that is the strategy that will be adopted. In this way the Service will meet its responsibilities under the Island's Criminal Justice Policy.

A significant part of the work of Officers in the Frontier Teams is the identification of drug couriers. The role of the courier is usually at the lower level of the drug syndicate chain and such investigations are concluded over a short period of time. Nevertheless the quantity/value of the drugs seized can often be large.

The identification, interception and prosecution of drug couriers, therefore, will continue to be an important part of the Service's daily drug investigation duties.

The Service's investigation remit does not extend to drug street dealing/possession of drugs in the Island.

LAW ENFORCEMENT

Financial Crime

Officers of the Service, who are in the Joint Financial Crimes Unit (JFCU), will continue to investigate the financial status of those individuals who are convicted of drug trafficking offences in Jersey, with a view to making a confiscation order to the Royal Court to seize any assets which are identified as the proceeds of drug trafficking.

The Officers will also undertake financial investigations on behalf of law enforcement authorities from outside the Island particularly in relation to drugs/VAT/excise fraud.

Immigration

The Service will investigate all aspects of 'illegal immigration' both at the frontier and inland. The term 'illegal entrant' includes persons attempting to enter the Island either with false documents, by employing deception or entering clandestinely, and persons discovered after entry who gained entry or leave to remain illegally, e.g. asylum seekers.

Again the Service will look to work jointly with other law enforcement agencies, both on and off Island, wherever possible in such investigations.

Excise/GST Fraud

The investigation of offences into excise fraud and import GST fraud will also be undertaken by Officers from the Service. Depending on the scale of the fraud the resources of the Intelligence section of the Service would be utilised in such investigations.

LAW ENFORCEMENT

ENFORCEMENT ACTION

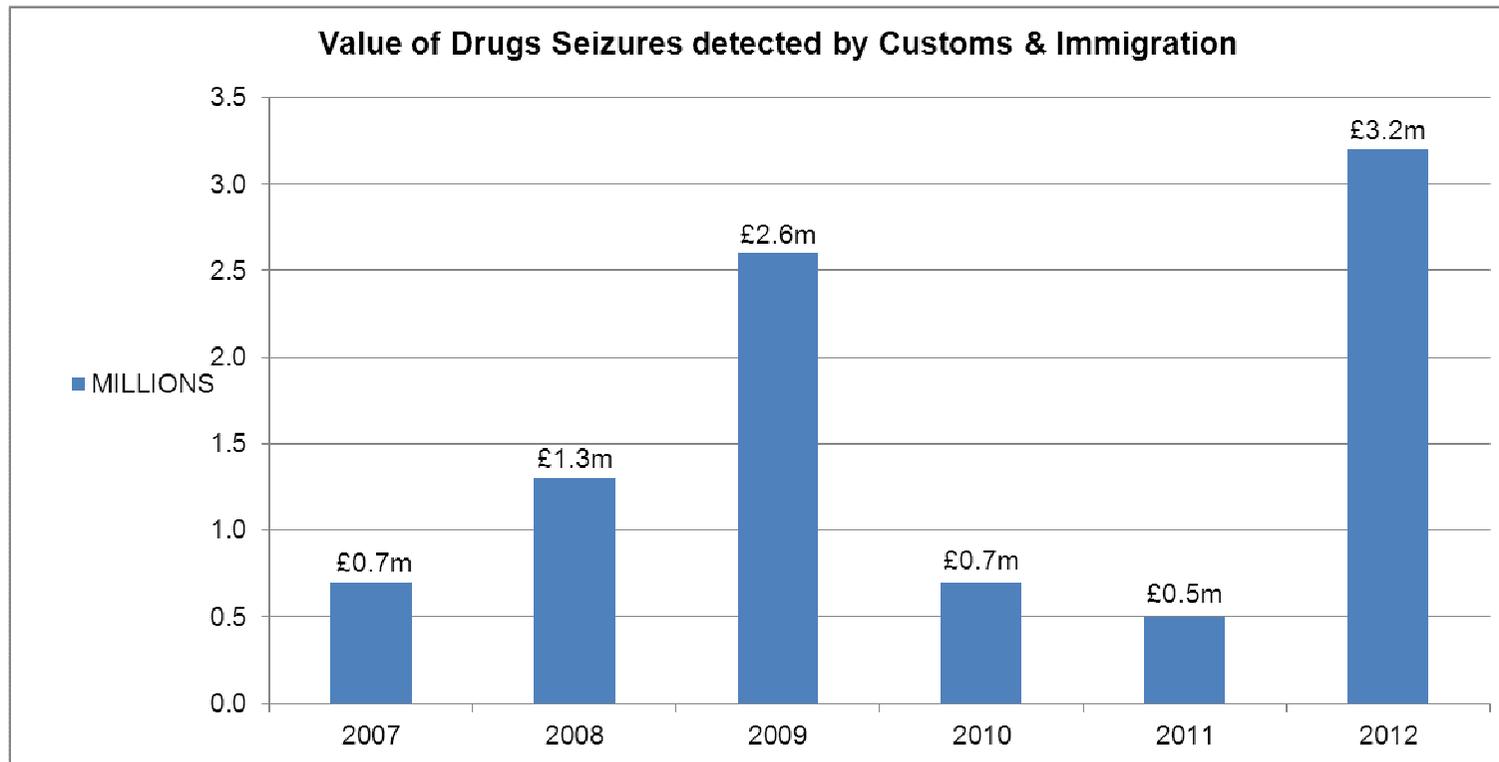
Drug Seizures

37 people were charged with 38 offences during 2012. 8 received custodial sentences totalling 17 years which is a significant decrease on 2011 and reflects the drop in commercial Class A and cannabis seizures. A total of £18,756 of fines were imposed, the majority of which relate to two offences in France totalling £16,206. There was an increase in the number of Community Service hours imposed largely due to 3 sentences totalling 520 hours. Two persons were 'Bound Over to Leave the Island', 9 were given 'Written Cautions', 2 were placed on 'Probation' and 17 were given 'Customs Warnings'. The vast majority of the 'Customs Warnings' relate to postal importations of perceived legal highs. 1 person was charged with 'Obstruction' for which they received 45 hours Community Service.

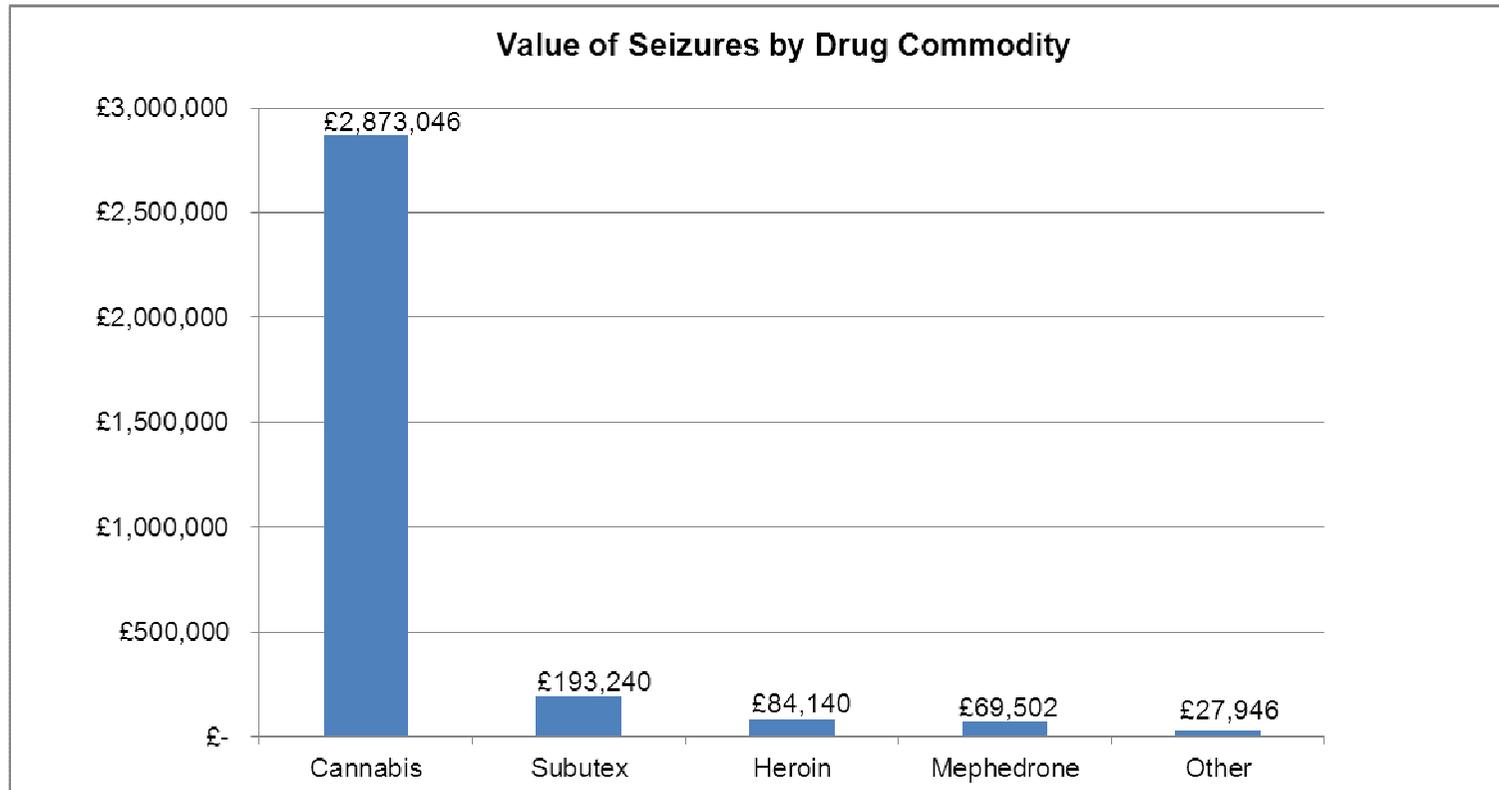
During 2012 184 separate drug seizures were made worth a total of £3,247,875. Cannabis, subutex, heroin and mephedrone accounted for the majority of that total. 130 seizures were made at the Post Office mostly involving new synthetic drugs suggesting an emerging and potentially dangerous trend.

Overall drug seizures in 2012 increased by 63% compared to 2011. This increase can be attributed to a sharp rise in seizures at the Post Office. There was a noticeable fall in commercial heroin and cocaine seizures which appears to be a trend mirrored in the UK and elsewhere. Other contributory factors to this reduction may have been the impact of the heightened security measures during the Olympic period which diverted Officers to the Immigration controls. Target operations made a significant contribution to the value and amount of drugs seized including one involving the seizure of 231 kgs of cannabis with a value of £2.8m. Significant amounts of cash and physical assets were also recovered.

LAW ENFORCEMENT



LAW ENFORCEMENT



'Other' includes Steroids, Diazepam, Ecstasy, Methadone, Valium, Cocaine & Cathinones

LAW ENFORCEMENT

Drug Trafficking Proceeds Seizures

The Customs and Immigration Officers in the Joint Financial Investigation Unit were responsible for the investigation of 31 Drug Trafficking cases in 2012. These investigations resulted in the confiscation of £20,650. In addition, the Officers in the unit managed 2 cash seizure cases which were suspected to be the proceeds of drug trafficking. These resulted in the forfeiture of £1,720.

Cigarette/Tobacco/Alcohol Seizures

There were 699 instances in 2012 detected of persons exceeding their personal 'duty free' allowance:

- 486 were seizures totalling 141,460 cigarettes, (both loose and pre-packaged), and 25.5 kilos of tobacco - with a revenue potential of £38,400.
- 63 were seizures of alcohol products with a revenue potential of less than £1000.
- 150 were seizures of tobacco and/or alcoholic products that were returned to the passengers after they had paid the duty. The total duty involved was almost £19,000.

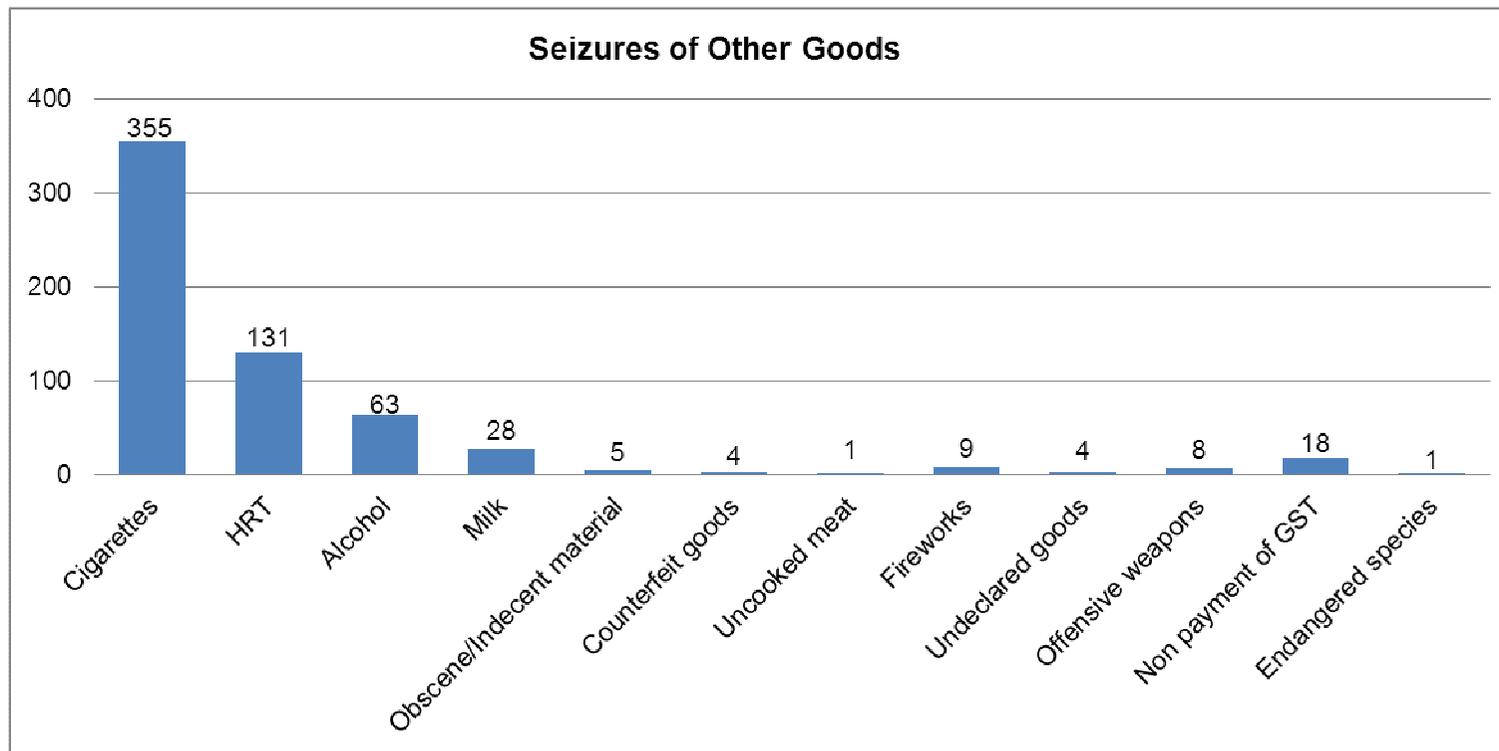
The number of cigarettes seized in 2012 was actually more than a third less than those seized in 2011. There were no seizures of commercial amounts and no prosecutions. Most passengers that were detected carrying in excess of their duty free allowances had no more than a single carton of 200 cigarettes (or the equivalent in hand roll tobacco) over their allowance. Whilst some travellers still do not know their duty free allowances, increased awareness campaigns undertaken by the Service appear to have had some effect.

Other Seizures

There were 78 other seizures that included 18 items for non-payment of GST, 5 of obscene/indecent material, 4 counterfeit goods, 8 offensive weapons and 1 endangered species.

The counterfeit goods consisted of multiple items of jewellery and electronic goods, whilst the offensive weapons consisted of Flick knives, a CS spray and an air gun.

LAW ENFORCEMENT



Note: This table shows the number of individual seizures. Most seizures were of multiple items.

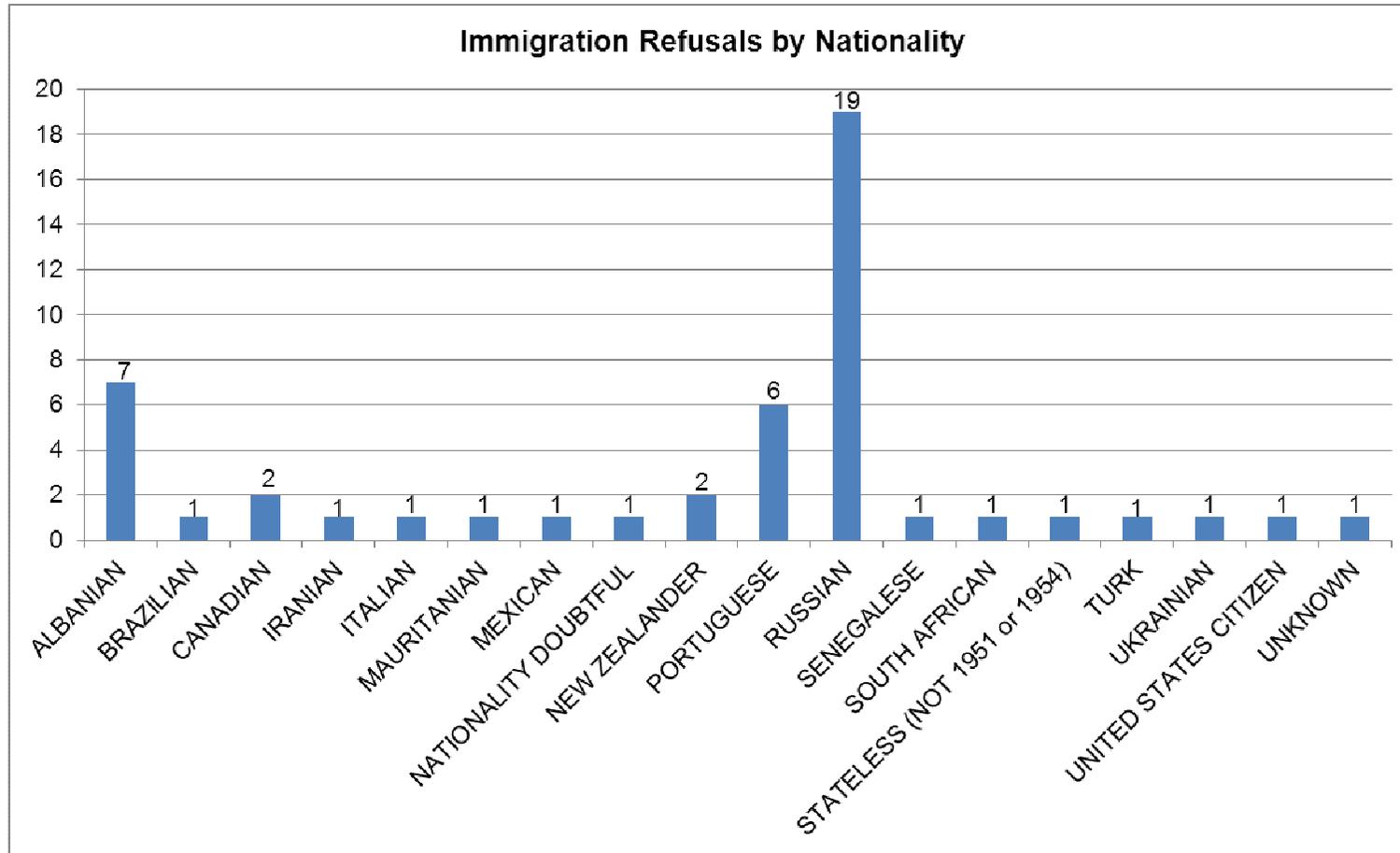
LAW ENFORCEMENT

Immigration Refusals

There has been an increase in the number of Immigration refusals when compared to 2011. This is primarily due to one event involving 19 Russian tourists who arrived on chartered yachts without visas and 6 Portuguese nationals who were all subject to extant Deportation Orders. Once this is taken into consideration the underlying number of refusals is consistent with previous years.

There has been an increase in the number of forged documents encountered, up from 2 in 2011 to 9 in 2012. This increase can be attributed to a syndicate specialising in providing Albanian nationals with counterfeit Italian documents of which seven examples were detected by Frontier Officers. No detections were made during the 4th quarter of 2012 suggesting that JCIS and French enforcement action deterred any further attempts to gain entry using this type of forged travel document.

LAW ENFORCEMENT



LAW ENFORCEMENT

TRAINING

During 2012 JCIS Officers continued to participate in a broad range of training both locally and in the UK. In January 8 Officers received investigative interview training which was delivered by the Serious Organised Crime Agency (SOCA) which resulted in a recognized national accreditation in this complex skill.

JCIS' close working relationship with the United Kingdom Border Agency resulted in 8 Officers receiving Immigration and Border induction training from UKBA instructors delivered in Jersey.

JCIS Officers also received training in the UK from the National Document and Forgery Unit based at Status Park near Heathrow. This training enables the Service to maintain a high standard of forgery awareness to a national standard which was reflected in a number of forged documents being detected at the ports.

LOOKING FORWARD

Emerging Drug Trends

Whilst the Service continues to investigate the importation of all types of controlled drugs, with a particular emphasis on the importation of Class A drugs, the emerging trend towards the abuse of New Psychoactive Substances and Buprenorphine is considered to be a growing risk and appropriate resources have been diverted to these areas of concern:

- **New Psychoactive Substances (NPS)**

Presently there is a noticeable trend within the local illicit drugs market where individuals are favouring New Psychoactive Substances (NPS) which are being purchased online. Whilst these drugs are being marketed as a 'legal' alternative to drugs such as ecstasy and cocaine many of the substances encountered by the Service contain controlled drugs and any importation is subject to full investigation. This often leads to the importer being arrested and may result in drug trafficking charges and appearance before the Courts.

LAW ENFORCEMENT

New varieties of NPS's are emerging regularly and sold as a variety of substances (e.g. plant food) however, the purchasers are typically aware of their real purpose, which are as recreational drugs.

- **Buprenorphine**

A further trend within the local market is the increasing abuse of buprenorphine by those within the heroin community.

Heroin was until recently the overwhelming drug of choice for opiate users in Jersey but with supplies of heroin often low, users have sought to fill the void by using other drugs which can be similarly abused, one such being buprenorphine.

Buprenorphine, commonly encountered under the trade name Subutex, is a semi-synthetic drug, prescribed as a substitute for heroin, which like methadone prompts a mild euphoria in the user.

It started to gain acceptance in the UK as a treatment for heroin addiction from around 1999, and has become an increasingly popular alternative to methadone. Subutex received a less restrictive classification than other opiates and has become increasingly easy to obtain on the black market.

REVENUE & GOODS CONTROL

INTRODUCTION TO REVENUE AND GOODS CONTROL

The Revenue and Goods Control section of the Service is responsible for the collection of customs duty on goods imported into the Island from outside the customs area of the European Community, collection of impôts duty on excise goods imported into or produced in the Island and collection of Goods and Services Tax (GST) on goods imported by individuals and businesses not registered for GST with the Taxes Office; overall the revenue collected by the Service each year is equal to approximately 8% of the total revenue of the States of Jersey. A further responsibility of the section is to ensure that all licensing requirements are met concerning goods imported into or exported from the Island.

REVENUE

Impôts

Impôts duty (excise duty) is applied to Tobacco, Alcoholic Drinks, Road Fuel and Vehicle Registrations. The total revenue yield for 2012 totalled £57,159,163 which represented an increase of approximately 5.5% on 2011. The impôts yield (without GST and customs duty) was £53,908,415.

The quantities of wine, cider, tobacco and fuel showed an increase on the 2011 quantities. Of these, tobacco saw the most significant increase at just over 18%. Spirits and beer saw a small decrease in the quantities imported.

In December the 2013 Budget was debated by the States Assembly and proposals for impôts duty increases on alcohol, tobacco and vehicle emissions duty were agreed. The duty on wines and spirits was increased by 10% whilst duty on lower and higher strength beer/cider was increased by 5% and 8% respectively. Tobacco duties were increased by 13.2% whilst fuel duties were maintained at 2012 levels. Vehicle emissions duty was increased by 5% across all bandings. Following the budget the impôts duty on some common excise goods are:

- A litre bottle of spirits - £11.49
- A bottle of table wine - £1.38
- A pint of beer - £0.33
- 20 cigarettes - £4.29
- A litre of unleaded petrol or diesel - £0.43

REVENUE & GOODS CONTROL

Goods and Services Tax (GST)

All goods arriving in Jersey must be properly declared to the Customs and Immigration Service and, under normal circumstances, any revenue charges must be paid before the goods are released to importers. In addition to impôts duties and other tariffs, imported goods are subject to GST.

GST on imports is collected by the Service on behalf of the Comptroller of Taxes. However, in the interest of providing a fast and efficient service to importers and in keeping with the desire to keep the administration and collection of GST as simple as possible, special 'fast-track' clearance procedures are available for traders that are formally 'approved' by the Service to use this simplified procedure.

Customs approved traders may take immediate possession of imported goods before making a declaration and without paying revenue charges at the time of importation. They are allowed 30 days to make declarations and pay any customs and excise duties and/or GST.

An additional advantage for Customs approved traders who are also registered entities for GST is that they are not required to pay GST at import. These traders simply record the total GST exclusive value of their imports on their quarterly GST returns to the Taxes Office.

Currently 337 businesses and individuals have been granted Customs approved trader status and benefit from 'fast-track' clearance procedures, with a further 1,228 approved traders that are also GST registered. This represents a small increase for both category of trader on 2011 figures.

Nearly 900,000 separate consignments were processed in 2012. As a consequence over 80,000 separate declarations were made electronically by importers. The procedures for accounting for Import GST, however, ensured that 95% of all freight consignments were not held up at the ports awaiting payment of the tax.

GST collected by the Service during 2012 on importations of goods by non-registered entities (import GST) increased by just over 22% on 2011. The total GST collected by the Service in 2012 was £2,923,067.

Customs duty

Customs duty is applied to all goods that are imported into the Island from outside the EU. Whilst Jersey is not a member of the EU it is part of the Customs territory as a result of the terms of the Treaty of Accession of the UK and is obliged to impose the EU Customs duty rates. Customs duty in 2012 was £327,681.

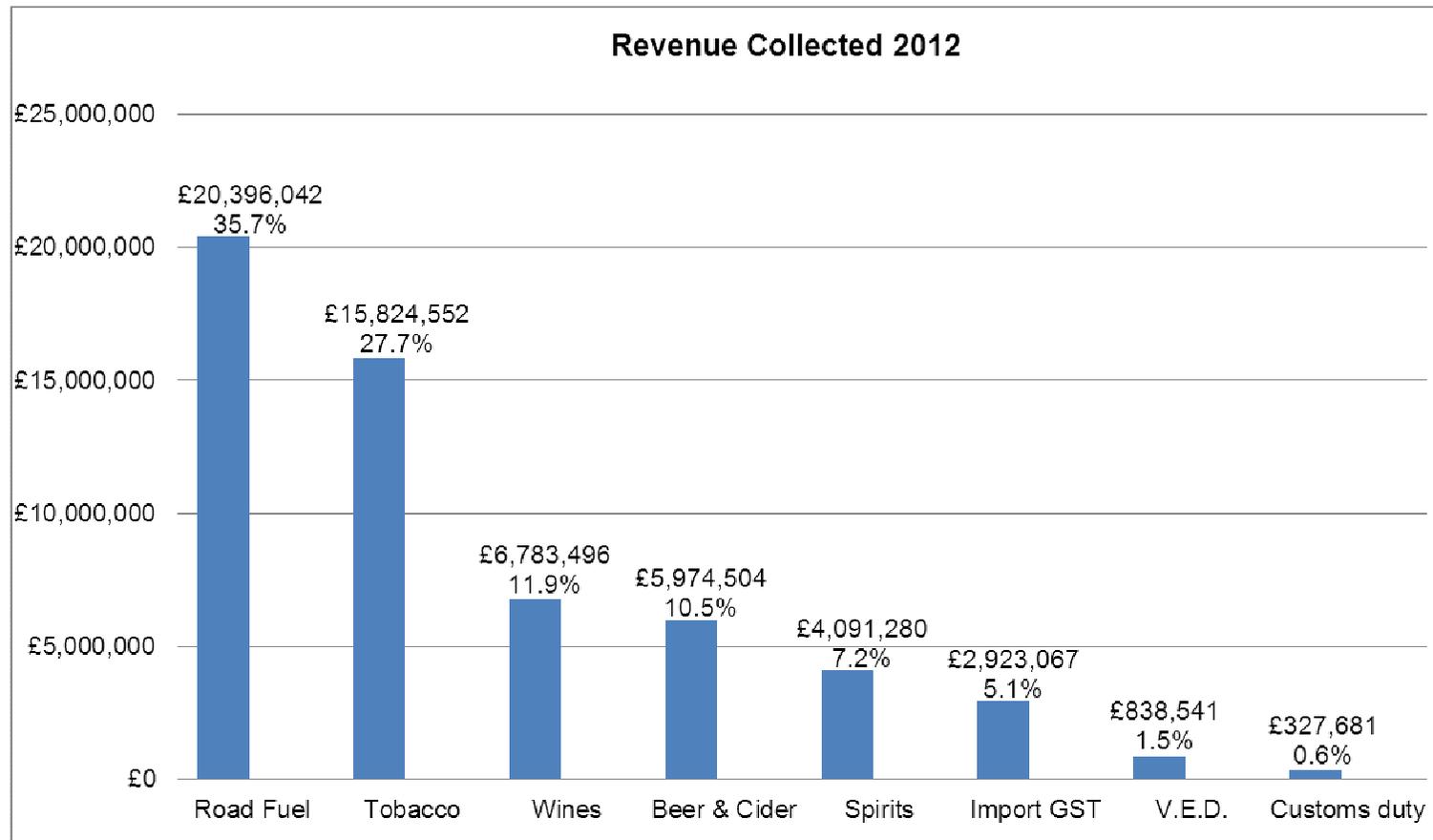
REVENUE & GOODS CONTROL

REVENUE RECEIPTS £ MILLIONS

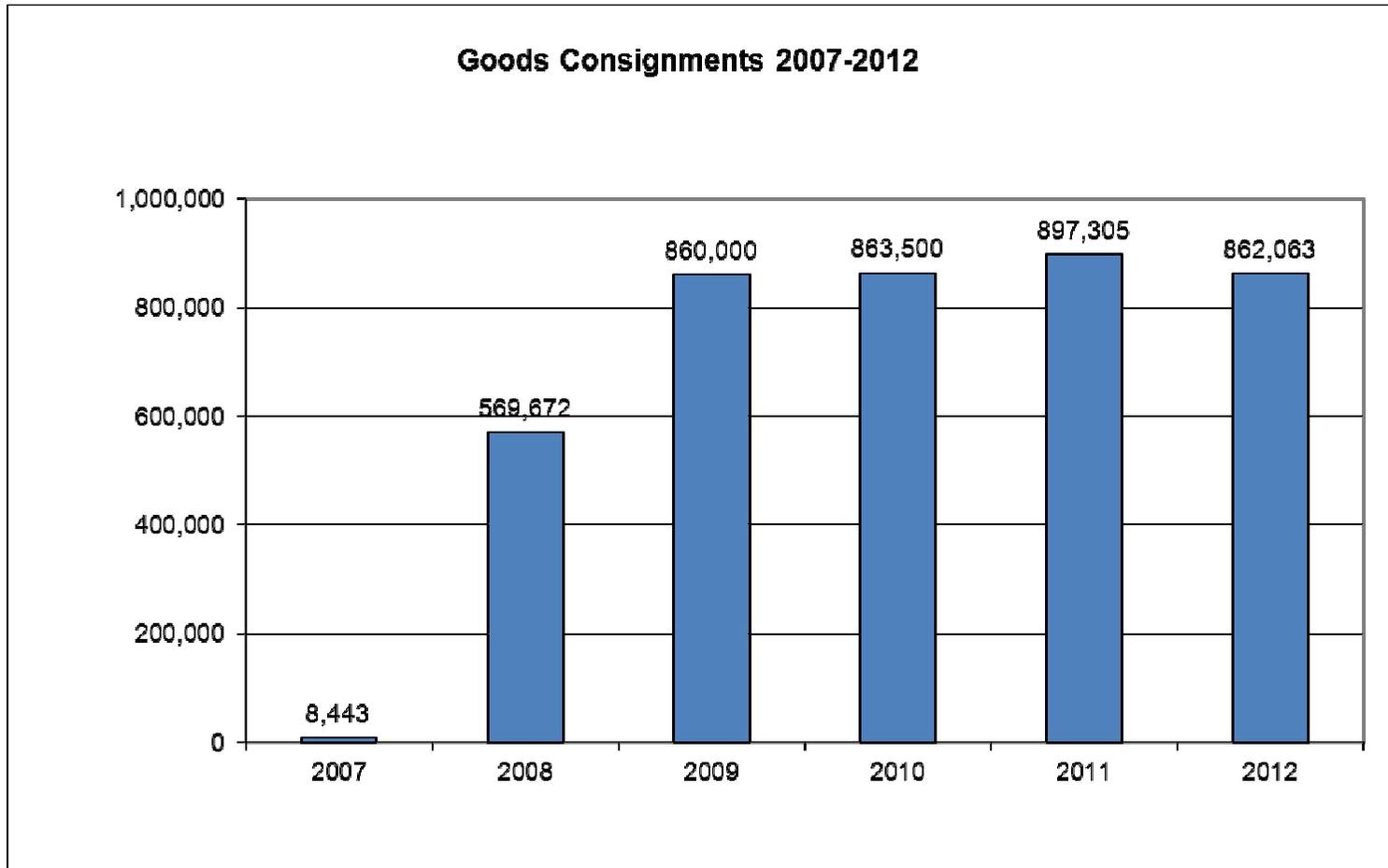
| | 2003 | 2004 | 2005 | 2006 | 2007* | 2008* | 2009* | 2010* | 2011* | 2012* |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Spirits | 4.466 | 3.781 | 4.058 | 4.194 | 3.928 | 4.008 | 4.172 | 4.038 | 4.018 | 4.091 |
| Wine | 4.980 | 4.873 | 5.272 | 5.351 | 5.661 | 5.863 | 6.340 | 6.158 | 6.465 | 6.783 |
| Cider | 0.473 | 0.532 | 0.575 | 0.633 | 0.710 | 0.742 | 0.870 | 0.814 | 0.917 | 0.927 |
| Beer | 4.858 | 4.708 | 4.767 | 5.042 | 4.961 | 5.094 | 5.324 | 5.184 | 5.379 | 5.047 |
| Tobacco | 13.354 | 13.913 | 12.508 | 12.953 | 12.672 | 12.715 | 13.856 | 12.638 | 12.479 | 15.825 |
| Fuel | 16.355 | 18.660 | 18.452 | 19.051 | 19.876 | 20.469 | 20.685 | 20.250 | 20.866 | 20.396 |
| VRD/VED | 2.912 | 3.687 | 4.033 | 4.047 | 5.836 | 0.674 | - | 0.192 | 0.894 | 0.839 |
| Customs | 0.110 | 0.136 | 0.174 | 0.113 | 0.193 | 0.235 | 0.125 | 0.139 | 0.148 | 0.328 |
| Import GST | - | - | - | - | - | 0.861 | 1.628 | 1.636 | 2.394 | 2.923 |
| TOTAL | 47.508 | 50.290 | 49.839 | 51.384 | 53.837 | 50.661 | 53.000 | 51.049 | 53,560 | 57,159 |

* From 2007 figures include all accrual adjustments to comply with Generally Accepted Accounting Policies (GAAP)

REVENUE & GOODS CONTROL

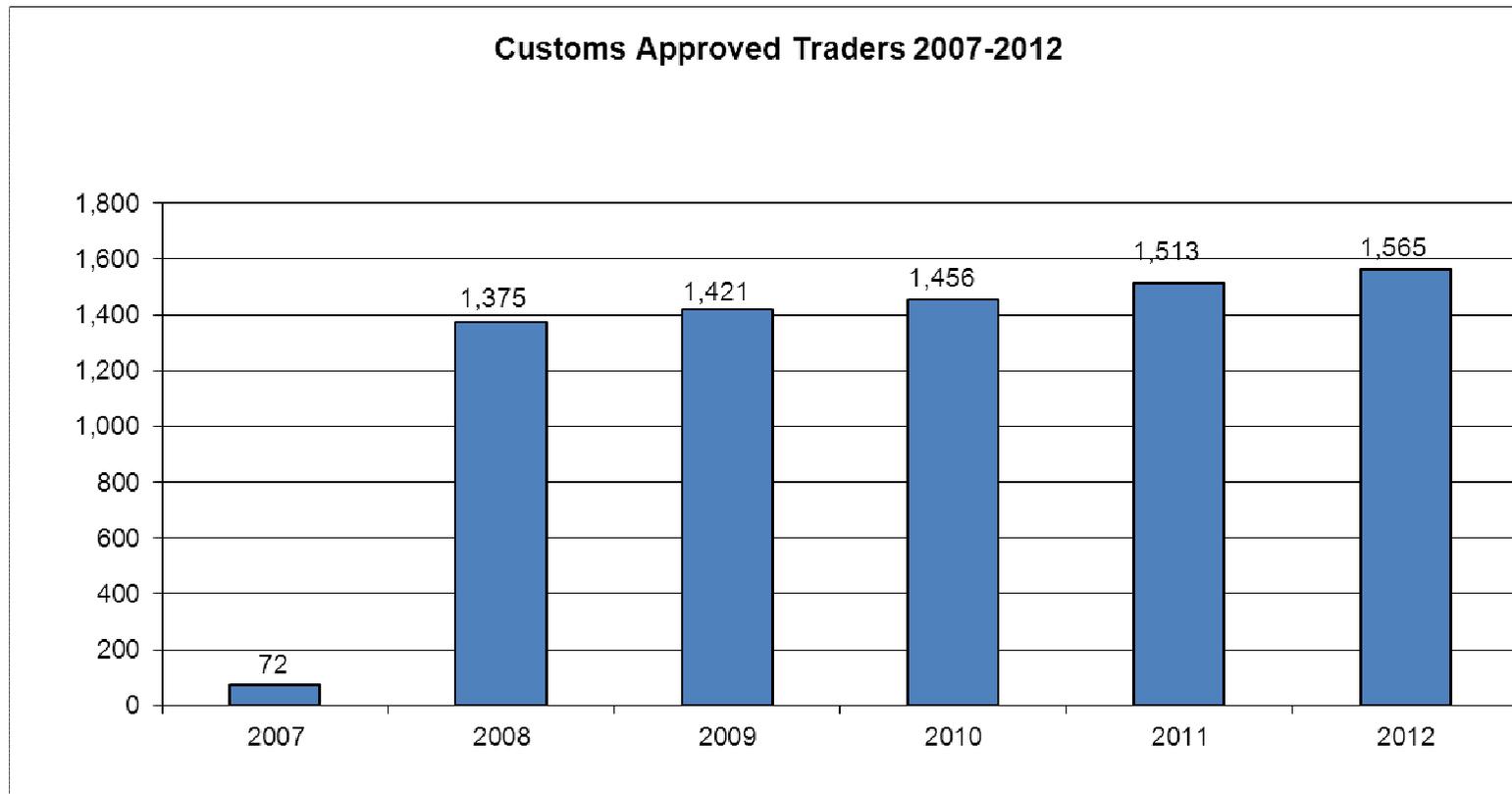


REVENUE & GOODS CONTROL



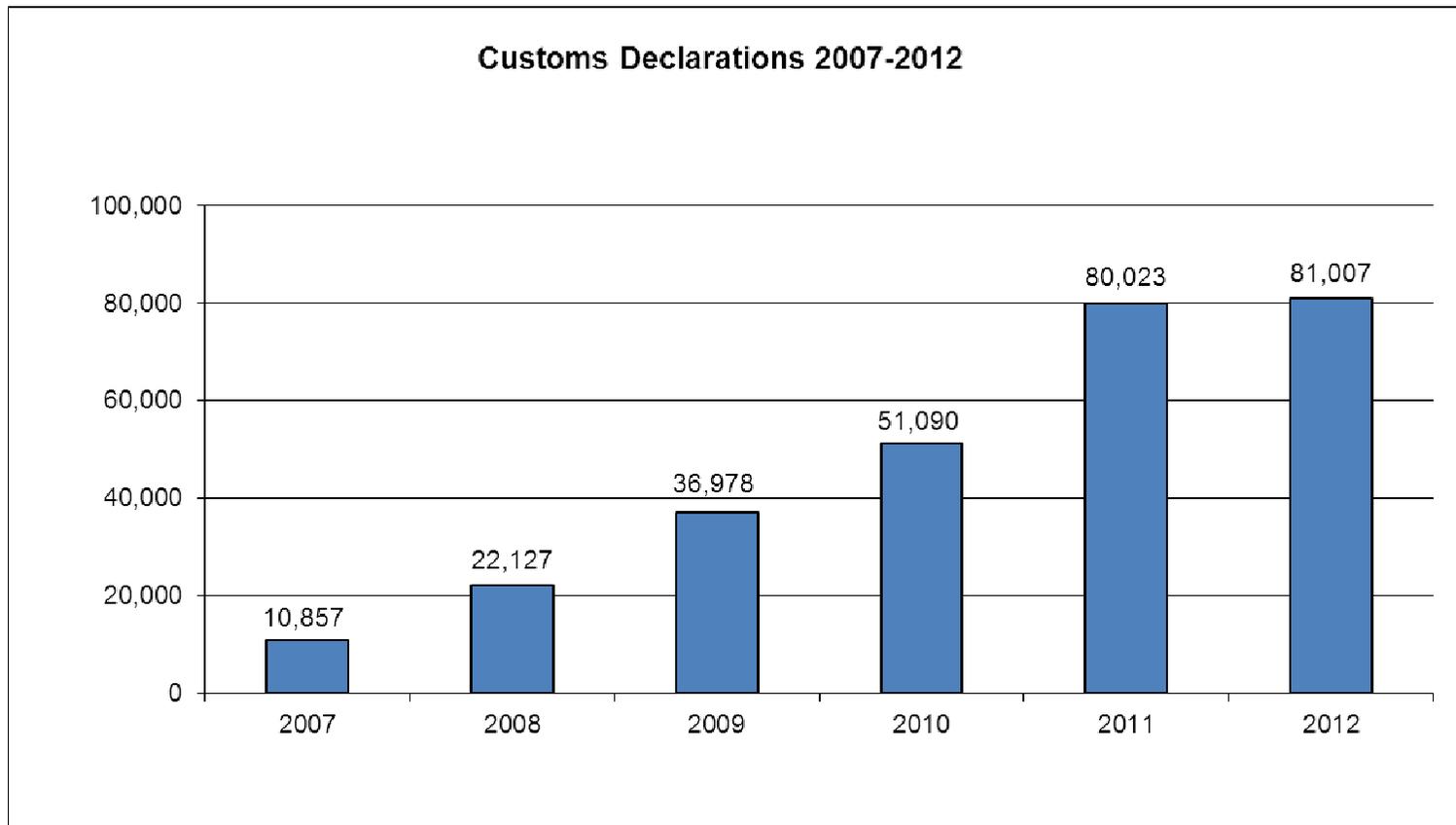
These figures represent the total number of freight consignments imported into the island by air and sea subject to import duty or tax

REVENUE & GOODS CONTROL



Goods imported by Approved Traders are released immediately and any import duty or tax is accounted for post importation

REVENUE & GOODS CONTROL



These figures represent the total number of customs declarations for import duty or tax purposes processed by the Service

REVENUE & GOODS CONTROL

GOODS CONTROL

Freight Profiling

The Freight Investigation Team (FIT) continues to be responsible for the seizure of goods that are restricted / prohibited on import. The main functions of the team are:

- Identifying and examining all consignments suspected of containing prohibited and restricted items
- Developing and enhancing relationships with local and UK freight carriers
- Acting on all information/intelligence related to freight movement
- Supporting the examination of consignments for tax/duty purposes
- Maintaining risk assessments of all carriers and ensuring that dutiable goods are not released when detained for payment

During the year the Freight Investigation Team were responsible for the following.

- identification of 39 infractions involving unmanifested goods
- identification of 14 infractions of mis-declared goods
- 17 seizures of prohibited/restricted goods (15 milk / 2 counterfeit goods)

REVENUE & GOODS CONTROL

Diesel Checks

Officers in the Service continued the enforcement of conditions attached to the use of fuels benefiting from relief of excise duty. Legislation allows the relief of excise duty in certain circumstances for example, on tractors, lifting vehicles and aircraft refuelling vehicles. Relief is not allowed for the sole use of propulsion of a vehicle on a public road. To ensure duty free fuel was not being used in road vehicles Officers took part in 9 roadside checks together with the Honorary Police and Officers from DVSD. 226 vehicles were checked but no infractions were discovered. 20 drivers, however, were spoken to and given advice about regularising either GST or VED issues in relation to their vehicle.

VAT Accounting Scheme

There was a significant change to the VAT Accounting Scheme during 2012 as a result of the decision of the UK Treasury to withdraw the low value consignment relief for goods imported from the Channel Islands from 1 April 2012. Both Jersey and Guernsey authorities appealed against the decision through the UK courts, but the appeal was rejected.

The impact of this is that VAT had to be paid on all goods imported into the UK, though this could be prepaid as a result of a scheme operated by Jersey Post. The prepayment scheme minimised customs clearance delays for customers posting to the UK. In addition, it prevents the addition of VAT collection charge of £8 which is levied by the Royal Mail if it is necessary to collect the tax due from the recipient.

The number of scheme members increased during the course of the year and at the end of 2012 totalled 132. The total VAT collection under the scheme for 2012 was £17,858,516.

Trader Compliance

In 2012 Officers continued to conduct trader compliance visits and as with previous years the level of compliance was found to be good. Nevertheless, the visits resulted in an extra £2,000 in GST being collected and approximately £65,000 in non-paid VED.

Resources were also allocated into identifying those pleasure boats that had been imported in the Island without payment of GST. This is an on-going project which to the end of 2012 had resulted in £64,800 GST being collected from individuals who did not declare their boats at the time of importation.

REVENUE & GOODS CONTROL

LOOKING FORWARD

GST

2012 was the first full year where the 5% GST rate applied. The decision to increase the GST rate whilst maintaining the de minimis waiver limit for duty and tax at £12 meant that the number of declarations processed by Officers in the Service increased from just over 51,000 in 2010, the last full year with the GST rate at 3% to just over 81,000 in 2012. This represents an increase of just over 58%. Of even more significance, however, is the fact that the number of declarations processed has increased by approximately 266% since 2008, the first full year when GST applied.

De Minimis waiver

As stated above the de minimis waiver limit at which duty and tax became liable is currently set at £12. In effect this means that consignments valued at £240 or less do not pay GST or require a customs declaration.

It has been noted that the Chamber of Commerce believes that the de minimis limit needs to be reviewed. The Service will no doubt participate in any such review. It should be noted, however, that any decision to reduce the de minimis is likely to increase the workload of Officers in the Service. The extent of the increase will depend on the level to which the de minimis is reduced.

IMMIGRATION & NATIONALITY

INTRODUCTION TO IMMIGRATION AND NATIONALITY

The Immigration Casework and Nationality section is responsible for the issue of passports, the processing of applications for British citizenship (naturalisation and registration) and immigration case work including the administration of entry clearance (visa) applications, work permits, the enforcement of deportation orders, as well as immigration legislation and policy matters.

The section is also responsible for providing a legalisation of documents service on behalf of the Lieutenant-Governor.

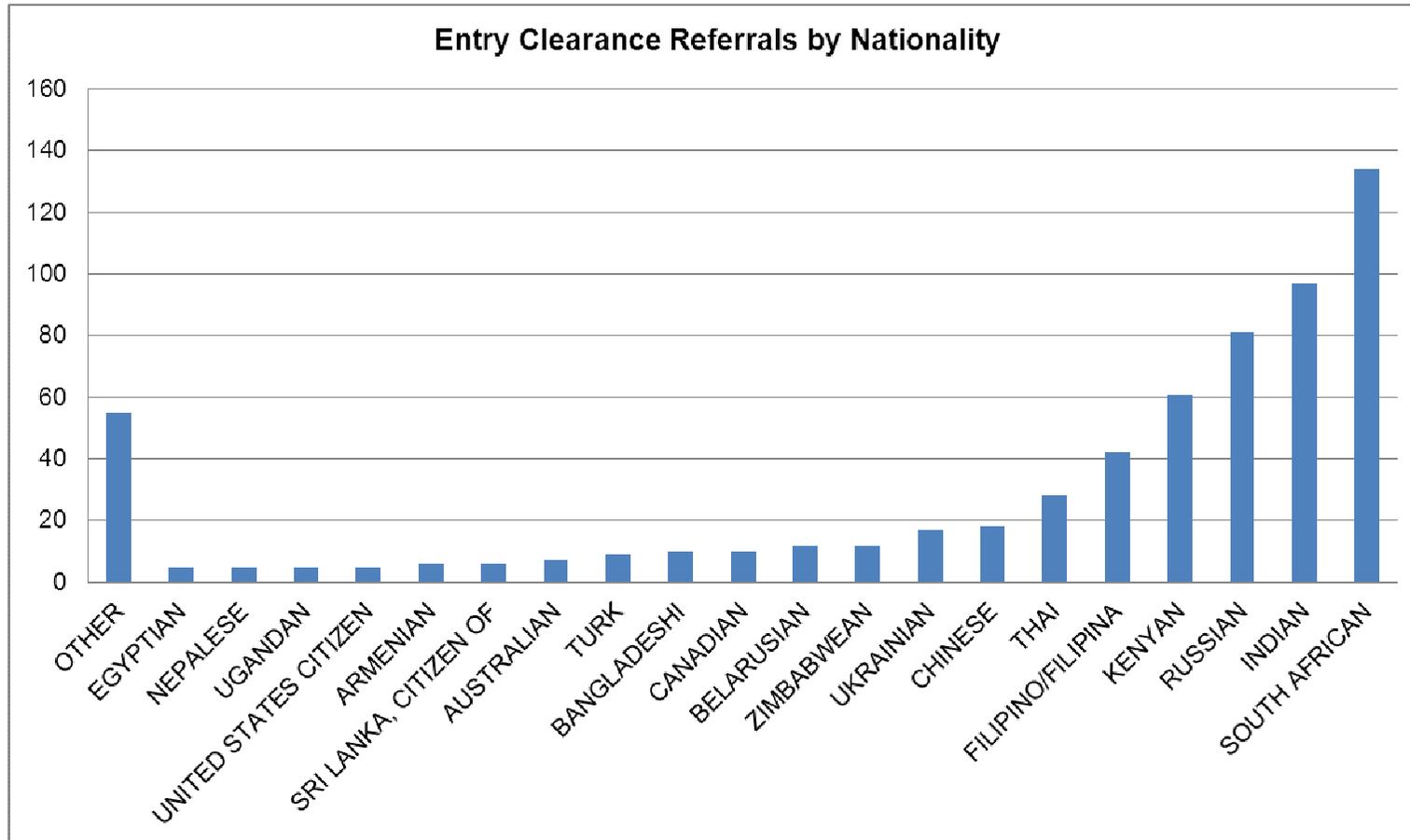
IMMIGRATION CASEWORK

Entry Clearance

Our Casework section is responsible for working in partnership with British Diplomatic Posts overseas to manage visa and entry clearance applications for foreign nationals seeking to enter the Bailiwick of Jersey. Applications are assessed against the criteria set out in the Directions of the Lieutenant-Governor.

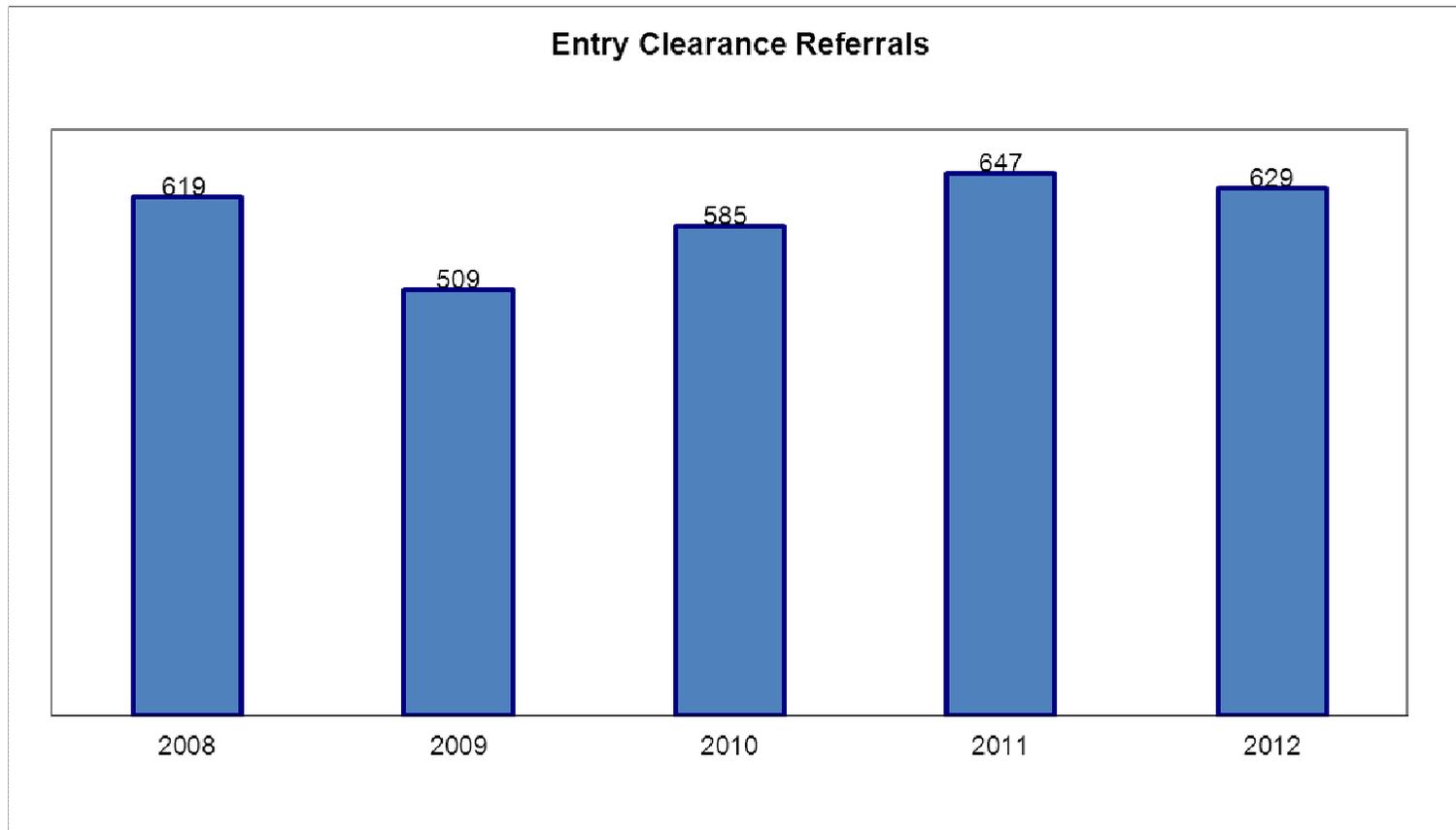
629 entry clearance referrals were made to the Customs and Immigration Service from British Diplomatic Posts overseas during 2012 of which the issue of 595 were authorised and 34 were refused. These numbers are consistent with those for the last five years.

IMMIGRATION & NATIONALITY



'OTHER' = Albanian, Dominican, Ecuadorean, Grenadian, Kosovan, New Zealander, Vietnamese, Bolivian, Haitian, Serbian, Colombian, Lebanese, Mauritian & Gambian

IMMIGRATION & NATIONALITY



IMMIGRATION & NATIONALITY

Work Permits

The Immigration (Work Permits) (Jersey) Rules 1995 are administered by the Customs and Immigration Service under delegated authority of the Minister for Home Affairs. A work permit is issued to a specific employer and allows them to employ a person of non- European Economic Area nationality for a limited period where it can be demonstrated that there is a shortage of particular qualifications and skills in the resident and permit free European labour market.

On 1 January 2012 the Minister introduced the following policy changes in relation to work permit employment:

- Unskilled permit holders were no longer allowed to transfer to another employer when their main contract of employment ends
- The minimum earnings threshold for jobs in finance and law was increased to £40,000 per year
- The standard of proof used to demonstrate that employers had advertised for suitably qualified permit free workers to include advertising at the States of Jersey Social Security Department for a minimum period of 4 weeks
- Chef jobs (Executive Chef, Head Chef, Sous Chef, Pastry Chef and Chef de Partie) to be advertised extensively, including an advert at the Social Security Department
- Waive advertising requirement for senior posts in foreign companies who have moved their headquarters to Jersey and are transferring existing staff from overseas
- In addition, the fees for work permit applications were increased as follows:

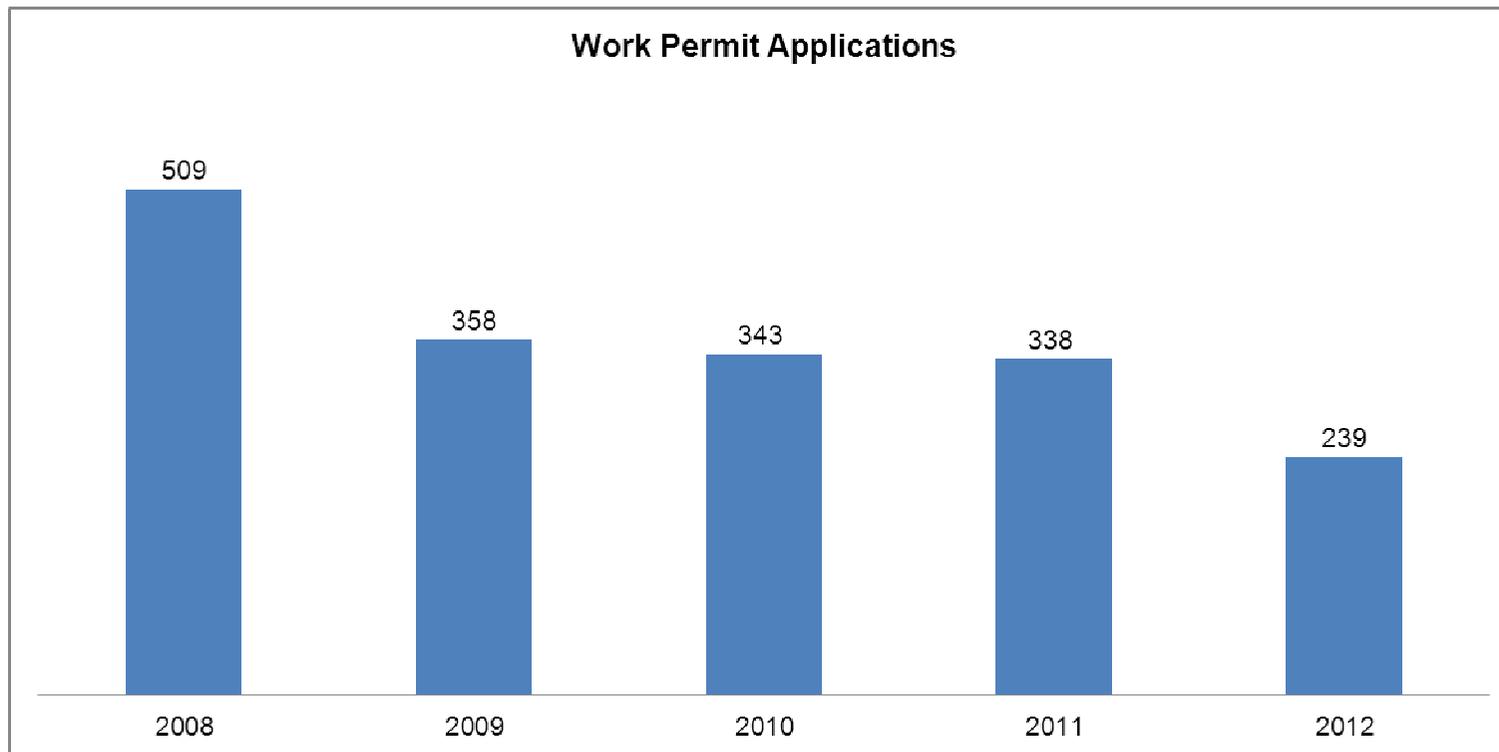
| Duration | Fee |
|--|------|
| Less than 1 month | £50 |
| 1 month and up to 6 months | £75 |
| More than 6 months and up to 9 months | £100 |
| More than 9 months and up to 12 months | £150 |
| More than 1 year and up to 2 years | £250 |
| More than 2 years and up to 3 years | £300 |
| More than 3 and up to 5 years | £500 |

IMMIGRATION & NATIONALITY

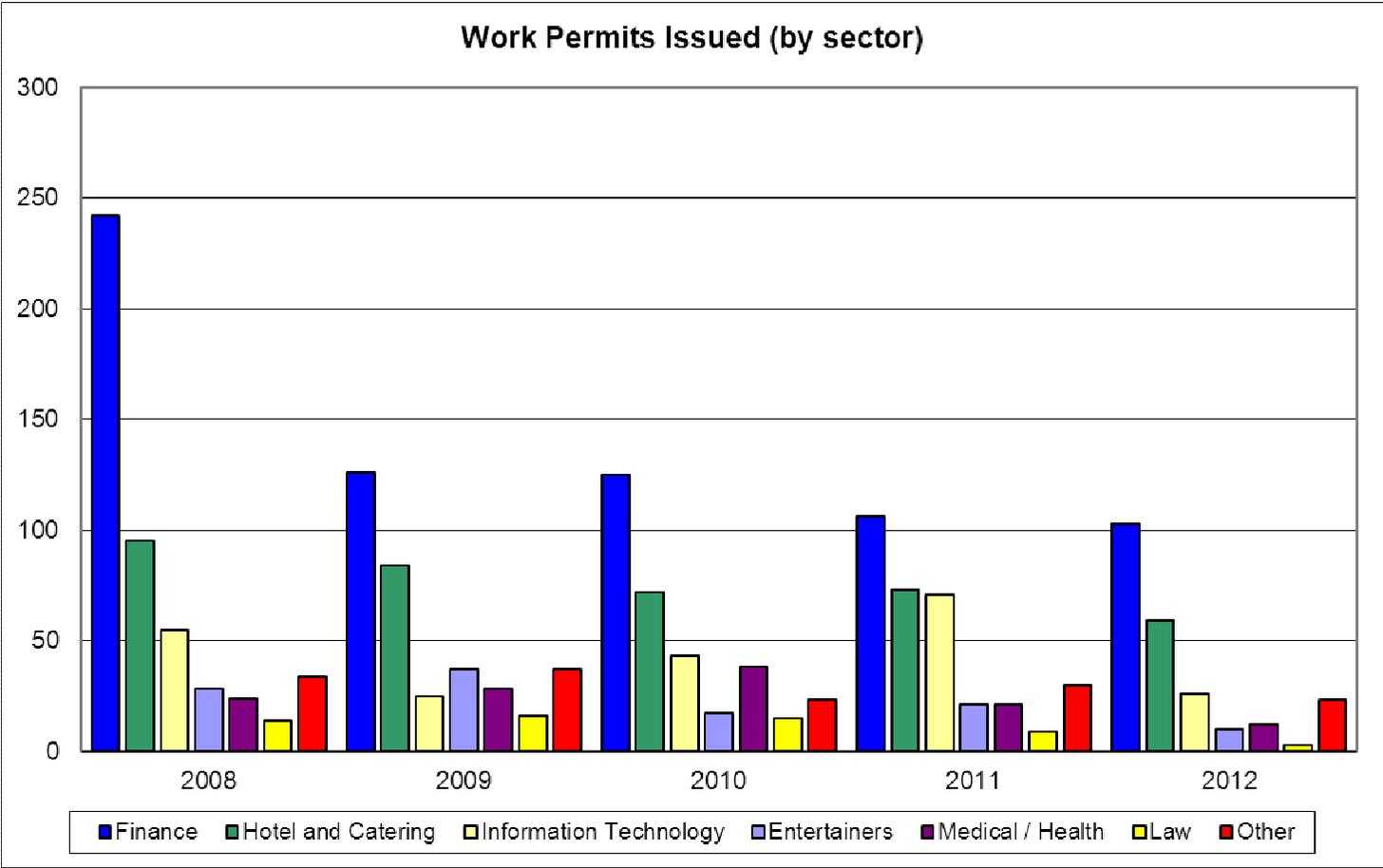
From 1 March 2012 an English language requirement formed part of the qualifying criteria for the issue of a work permit in Jersey, with certain exemptions in respect of existing work permit holders and those persons working in Jersey for less than 12 months. The required standard of English is equivalent to level B1 or above of the Council of Europe's Common European Framework for language learning.

The number of work permit applications received by the Service showed a significant reduction in comparison with 2011. 338 applications were considered during 2011 compared with 239 in 2012. More significant, however, is the fact that work permit applications have reduced by 47% since 2008.

IMMIGRATION & NATIONALITY



IMMIGRATION & NATIONALITY



IMMIGRATION & NATIONALITY

Directions of the Lieutenant-Governor

The primary statement of the United Kingdom Government's Immigration policy is the Immigration Rules, the statutory basis for which is found in the Immigration Act 1971, which is extended to Jersey. In Jersey, the equivalent of the United Kingdom Immigration Rules are known as the Directions of the Lieutenant-Governor and these are rules of practice for regulating the entry and stay of persons not having right of abode. From time to time the Lieutenant-Governor is asked to approve changes to these Directions so that the immigration control in Jersey is maintained to the same standard as the United Kingdom.

During 2012 the United Kingdom Home Office introduced an unprecedented number of changes to their Immigration Rules. This included incorporating requirements in the Rules which were previously contained in guidance or other documents rather than the Rules themselves.

The categories affected by these Rule changes, as far as the Island is concerned, are:

- General Visitors
- Child Visitors
- Business Visitors
- Deportation
- Employment
- Visitors for Private Medical Treatment
- Family Rules: Financial requirements: evidence of marriage or civil partnerships; English language requirements; and adult dependant relatives.

The volume and complexity of incorporating these changes into the Directions of the Lieutenant-Governor has taken up a significant amount of resources and, should this continue, it will be necessary to consider whether or not there is a need to allocate additional staff to this function on a permanent basis.

IMMIGRATION & NATIONALITY

Deportations

A deportation order requires a person to leave the Bailiwick of Jersey and authorises their detention until removal. It also prohibits the person from re-entering for as long as it is in force and invalidates any leave to enter or remain in the Bailiwick of Jersey before the order was made, or while it is in force.

The Immigration Act 1971 provides that a person may be deported where:

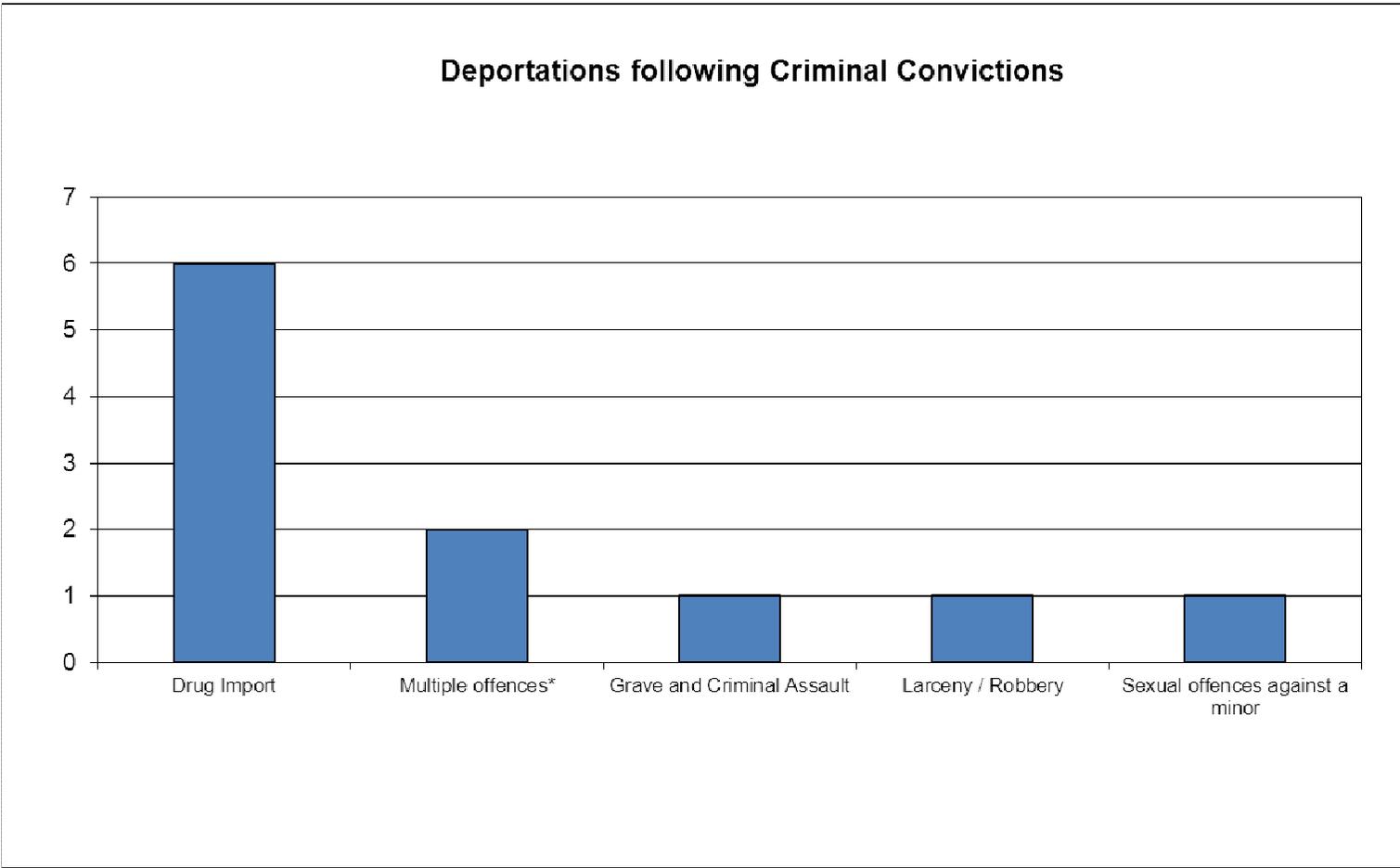
- the Lieutenant-Governor deems his deportation to be conducive to the public good; or
- where a person convicted of an offence has been recommended for deportation by the sentencing court.

The Directions of the Lieutenant-Governor set out the general policy to be applied in deportation cases:

While each case will be considered on its merits, where a person is liable to deportation the presumption shall be that the public interest requires deportation. The Lieutenant-Governor will take into account all relevant factors in considering whether the presumption is outweighed in any particular case, although it will only be in exceptional circumstances that the public interest in deportation will be outweighed in a case where it would not be contrary to the Human Rights Convention and the Convention and Protocol relating to the Status of Refugees to deport.

The Customs and Immigration Service refers all cases to the Lieutenant-Governor for consideration where a foreign national has received a sentence of imprisonment of 12 months or more, either in one sentence or in two or three sentences over a period of five years. A total of 29 deportation cases were considered during 2012 which resulted in 11 persons being deported. The nationalities involved were 6 Portuguese, 3 Polish, 1 Brazilian and 1 French.

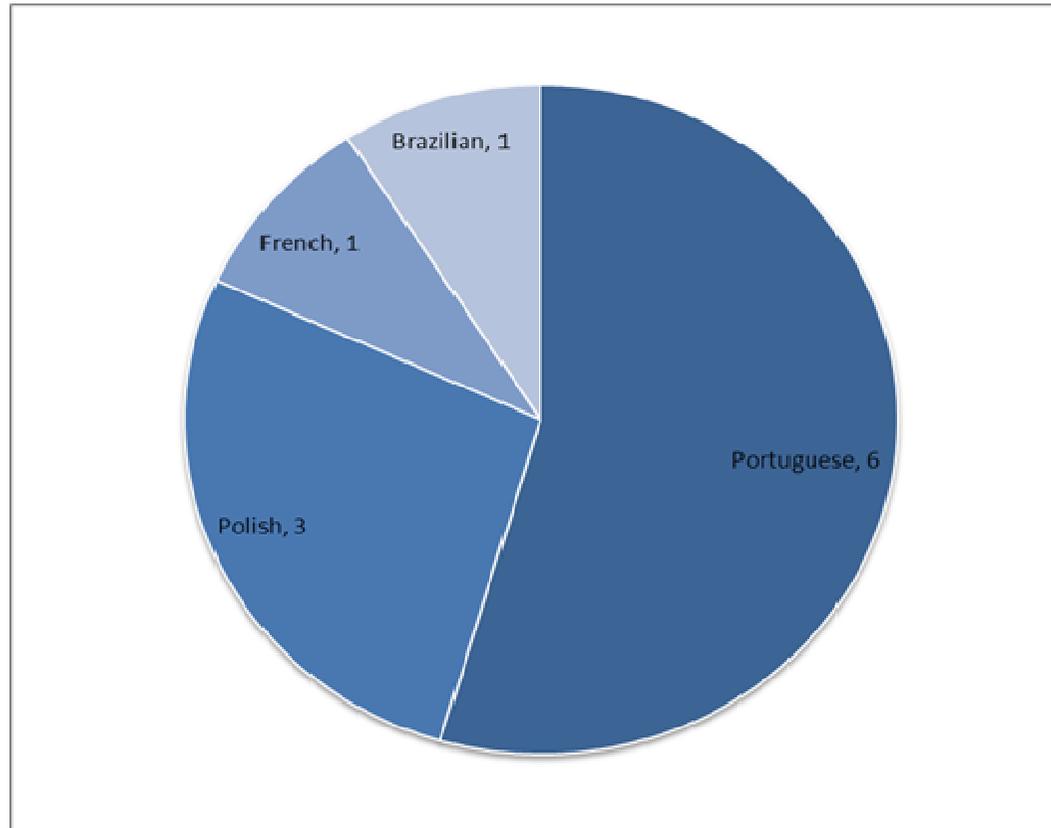
IMMIGRATION & NATIONALITY



* 'Multiple offences' include assault, larceny, outraging public decency and drunk & disorderly

IMMIGRATION & NATIONALITY

Deportations by Nationality



IMMIGRATION & NATIONALITY

The following changes to United Kingdom deportation policy came into force in the UK on the 9th July 2012 and, subject to approval in Jersey, will be incorporated into the Directions of the Lieutenant-Governor:

- Only in exceptional circumstances will private or family life, including a child's best interests, outweigh criminality and the public interest in seeing the foreign national criminal deported where they have been sentenced to a custodial sentence of at least 4 years.
- Deportation will normally be proportionate where the foreign national criminal has received a custodial sentence of at least 12 months and less than 4 years, or where the foreign national criminal has received a custodial sentence of less than 12 months and, in the view of the Lieutenant-Governor, their offending has caused serious harm or they are a persistent offender who shows a particular disregard for the law.
- Deportation will not be proportionate where:
 - They have a genuine and subsisting relationship with a partner in Jersey (who is a British citizen or in Jersey with refugee leave), and they have lived here lawfully for at least the last 15 years (excluding any period of imprisonment) and there are insurmountable obstacles to family life with that partner continuing overseas; or
 - They have a genuine and subsisting parental relationship with a British citizen child, or a foreign national child who has lived in Jersey continuously for at least the last 7 years, and it would be unreasonable to expect the child to leave Jersey, and there is no other family member who is able to care for the child in Jersey; or
 - They have resided in Jersey continuously for at least the last 20 years, or the applicant is aged under 25 years and has spent at least half of his life residing continuously in Jersey (in either case, excluding any period of imprisonment), and they have no ties (including social, cultural or family) with their country of origin.

IMMIGRATION & NATIONALITY

NATIONALITY

Passports

Efficiencies in the United Kingdom from centralising the production of passports resulted in a decrease in passport application fees. In September 2012 fees in Jersey reduced from £77.50 to £72.50 for an adult passport, and from £49.00 to £46.00 for those under 16 years old.

9,791 British passports were issued by the Customs and Immigration Service during 2012, 5% less than during 2011 and continuing a slight downward trend since 2009.

Legalisation of Document

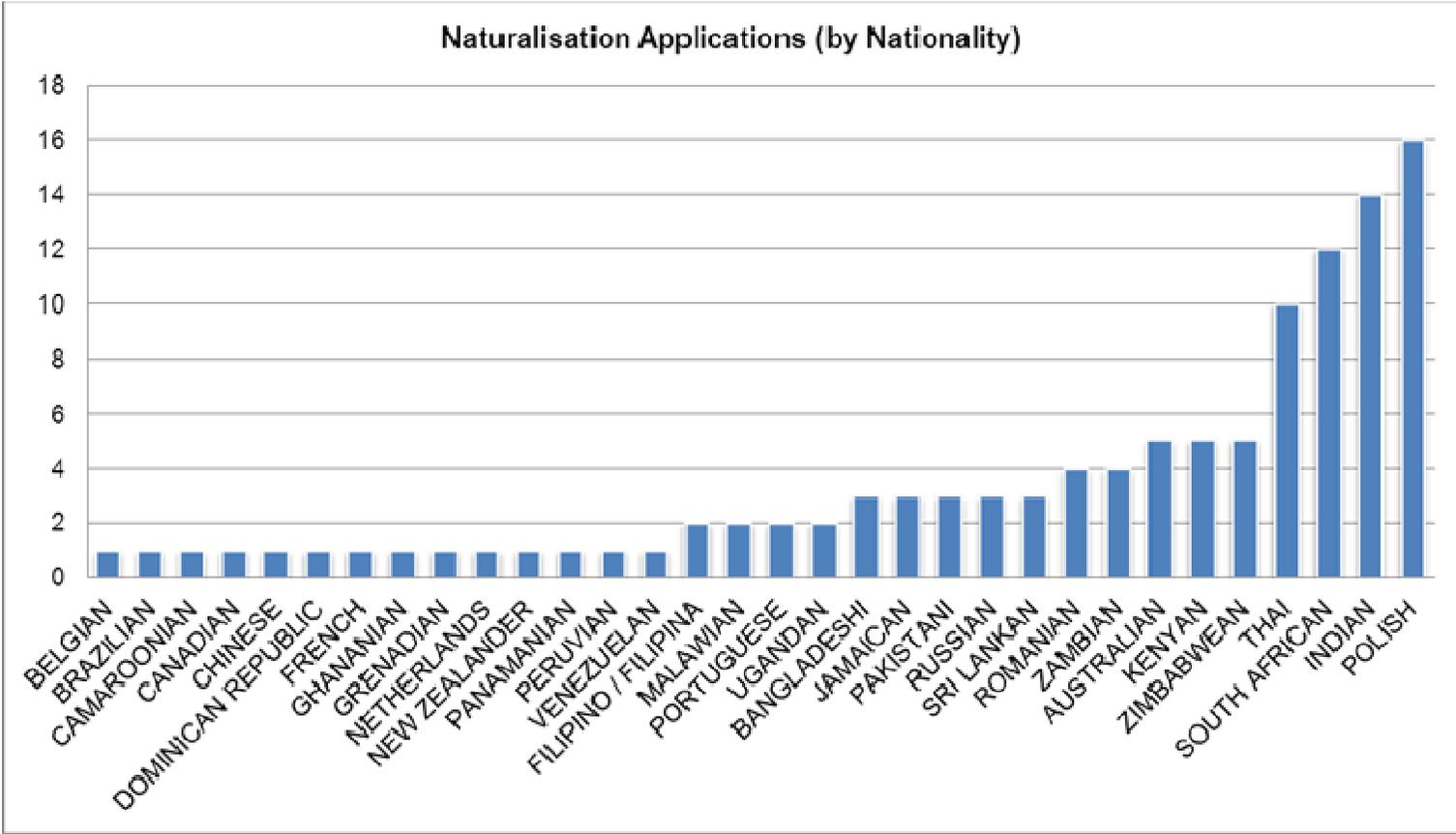
The Passport Office undertakes the role of legalising locally originating documents for use abroad. Legalisation is the official confirmation that a signature, seal or stamp on a document is genuine. This role is fulfilled by the Foreign and Commonwealth Office in the United Kingdom and was taken on locally in 1990.

8,152 documents were legalised in 2012 compared to 8,441 in 2011.

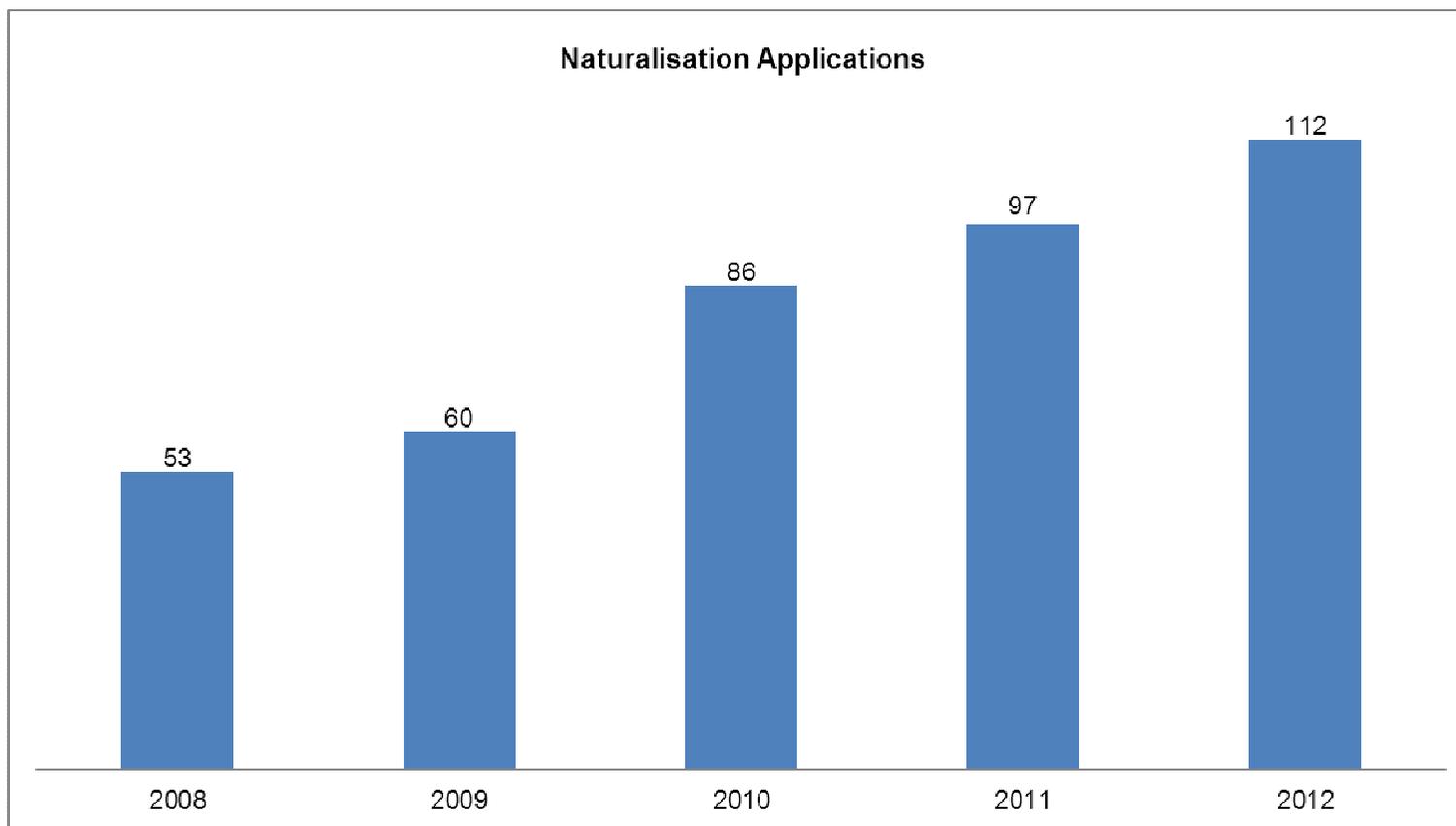
Naturalisation

Applications for British citizenship are considered by the Customs and Immigration Service on behalf of the Lieutenant-Governor. 112 applications for naturalisation were received during 2012. Naturalisation applications have seen a steady increase over the last five years resulting in a rise in workload of 110% from 2008 to 2012.

IMMIGRATION & NATIONALITY



IMMIGRATION & NATIONALITY



IMMIGRATION & NATIONALITY

LOOKING FORWARD

Passports

From early 2014 Jersey, Guernsey, the Isle of Man and Gibraltar will begin to issue the new generation British passport which was first introduced in the United Kingdom in late 2010. Passports issued in each territory will continue to be a variant of the standard British passport and will be marked "British Islands, Bailiwick of Jersey".

For many years the British Government issued passports to British citizens overseas through Diplomatic Posts. However, for reasons of security and cost, the production of British passports overseas has now been centralised in the United Kingdom. Once Jersey starts to issue the new generation passport in 2014, Island residents will still apply to the Passport Office in Jersey although the passport itself will be printed in the United Kingdom before being sent, by secure delivery, to the applicant in Jersey.

Provision will be made for applicants to obtain an Emergency Travel Document in circumstances where their current passport is lost, stolen or expired, and where they need to make an urgent journey overseas. It will, however, be especially important that people allow sufficient time for passports to be issued prior to making travel arrangements and we will run a publicity campaign to ensure that this message is widely understood.

Directions of the Lieutenant-Governor

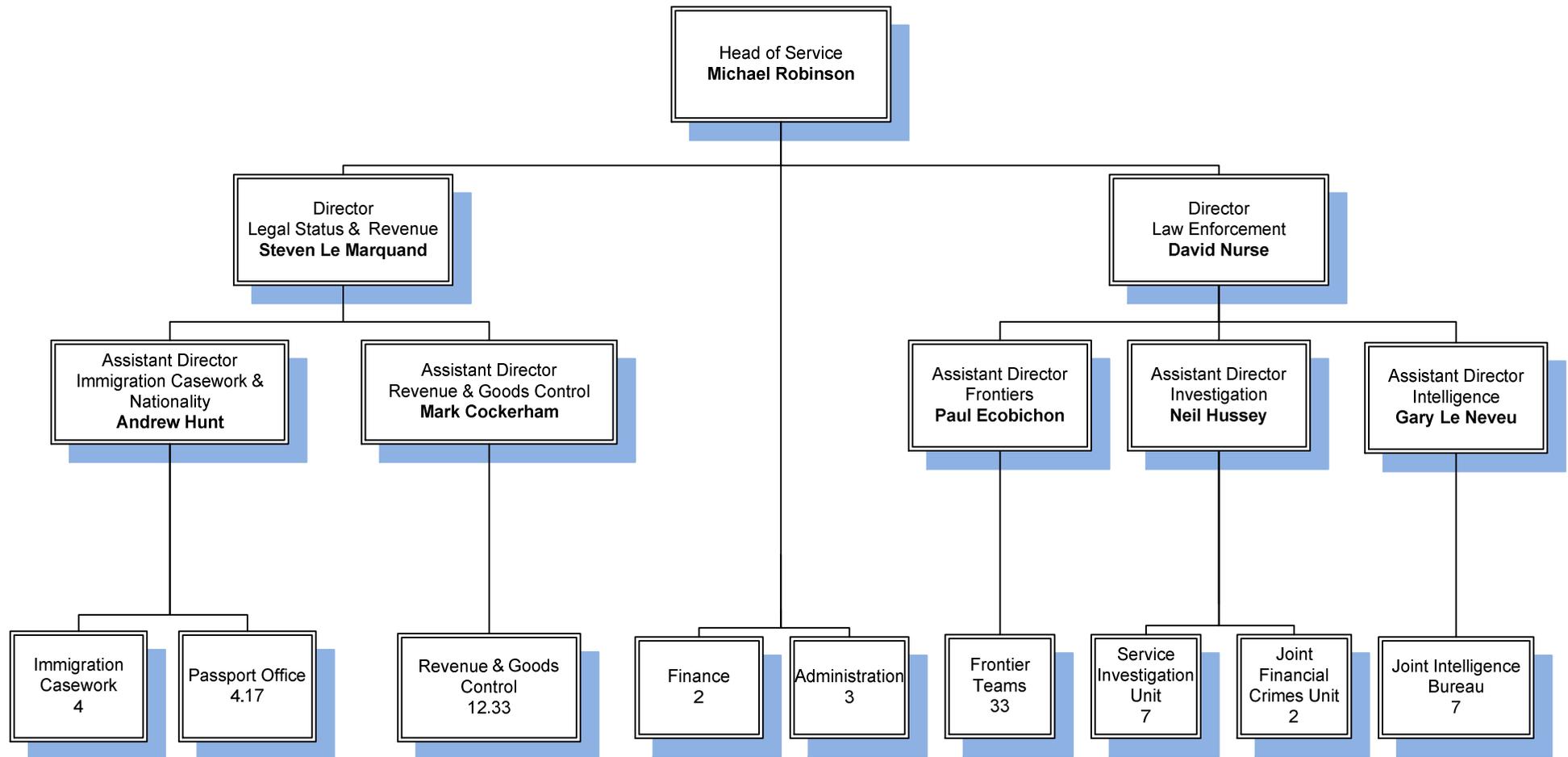
The volume and complexity of incorporating changes into the Directions of the Lieutenant-Governor has taken up a significant amount of resources and, should this continue, it will be necessary to consider whether or not there is a need to allocate additional staff to this function on a permanent basis.

Legislation

Work is continuing on identifying sections of the Nationality, Immigration and Asylum Act 2002, Asylum and Immigration (Treatment of Claimants, etc) Act 2004, Immigration, Asylum and Nationality Act 2006, UK Borders Act 2007 and Borders, Citizenship and Immigration Act 2009, to be extended to the Bailiwick of Jersey. The aim is to bring the Islands' legislation up to date so that it is in line with the United Kingdom Immigration Acts. This is a significant piece of work which may require dedicated resources to be allocated to it.

RESOURCES

JERSEY CUSTOMS & IMMIGRATION SERVICE



RESOURCES

STAFF COMPLEMENT AT END OF 2012

| Posts | No |
|---|--------------|
| Head of Service | 1 |
| Directors ¹ | 2 |
| Assistant Directors ¹ | 5 |
| Senior Customs & Immigration Officers ¹ | 9 |
| Customs & Immigration Officers ^{1,2} | 45 |
| Assistant Customs & Immigration Officers ^{1,3} | 5 |
| Immigration Casework Officer | 1 |
| Training and Compliance Officer | 1 |
| Revenue & Goods Control Office Manager | 1 |
| Revenue & Goods Control Office Assistants | 3 |
| Passport Officers | 4.17 |
| Finance Manager | 1 |
| Finance Officer | 1 |
| Personal Assistant to the Head of Service | 1 |
| Administrative & Secretarial Assistants | 2 |
| Compliance Officer, Postal Exports | 0.33 |
| Vacant | 0 |
| Total posts (FTE)⁴ | 82.50 |

Notes:

¹ These are multi-functional posts

² The Frontier Teams were reduced by two posts per shift in the 2005 Fundamental Spending Review, and only one post per shift has been subsequently returned

³ Includes the Drugs Dog handler

⁴ The figure of 82.50 was the number of FTE (Full Time Equivalent) posts in the Service. The actual number of staff, including part time and job shares, was 87

RESOURCES

EXPENDITURE BY SERVICE AREA FOR 2012

| Revenue Collection | | Total |
|----------------------------------|--------------|--------------------------|
| Staff | £867,839 | |
| Premises | £80,292 | |
| Supplies & Services | £104,918 | |
| Administrative | £21,648 | £1,074,697 |
| Enforcement | | |
| Staff | £3,450,828 | |
| Premises | £509,695 | |
| Supplies & Services | £195,901 | |
| Administrative | £150,656 | |
| Court & Case | £194,908 | |
| <i>Home Affairs executive</i> | £53,092 | |
| <u>less: Income</u> ¹ | (£125,080) | £4,430,000 |
| External Obligations | | |
| Staff | £859,667 | |
| Premises | £108,220 | |
| Supplies & Services | £109,016 | |
| Administrative | £120,232 | |
| <u>less: Income</u> ² | (£1,220,004) | (£22,869) |
| | | <u>£5,481,828</u> |

Notes:

¹ Enforcement income is derived from miscellaneous administrative fines.

² External Obligations income is derived from passports, work permits, legalisation of documents, immigration fees and naturalisation fees.