

JERSEY'S GOODS AND SERVICES TAX (GST) RETAIL SCHEME

GST

This leaflet is one of a series produced by the States of Jersey Income Tax Office to explain various aspects of Jersey's new Goods and Services Tax (GST).

It is intended principally for the guidance of GST-registered retailers (i.e. those who sell goods and services to members of the public) and gives guidance on a simplified method of accounting for GST.

Whilst care has been taken in its preparation, readers are advised to consult the Goods and Services (Jersey) Law 2007 and the GST Regulations for authoritative text. In cases of conflicting interpretation, the legislation takes precedence.

Introduction

In designing a GST for Jersey, a key objective has been to achieve a tax that is as simple as possible for all concerned. In particular, it is the intention to minimise the administrative burden of GST on those businesses that are required to collect and account for the tax.

As a result, a number of features are included in the Goods and Services Tax (Jersey) Law 2007 and the GST Regulations, to simplify procedures for businesses and to give them a large degree of flexibility in how they account for GST. The Retail Scheme is an example of this.

The GST Retail Scheme

As its name implies, the GST Retail Scheme applies only to retail businesses (i.e. those businesses making 50 per cent or more of their supplies of goods and / or services to the general public, or where a clearly identifiable part of the business meets this criterion). It enables GST-registered retailers to minimise the costs of administration by meeting simplified accounting requirements.

Normally, GST-registered businesses must account separately for each taxable supply of goods and services. The Retail Scheme enables accounting on the basis of **gross sales figures** instead of individual sales, thereby dramatically reducing book-keeping requirements.

If you make supplies of medicines and goods that are zero-rated for GST under Schedule 6, Group 4 of the GST Law 2007 you should apply to the Comptroller of Income Tax to use a variant of the Retail Scheme.

If you make exempt supplies of services, such as commission on selling insurance or extended warranties, you must account for these sales outside the Retail Scheme. For sales of stamps and 'phone cards you may use the Retail Scheme but need to record the daily value of such sales separately from your taxable takings. An example of how this works can be found in Annex A of this document.

You may, of course, use a full GST accounting system and issue tax invoices if you wish. The Retail Scheme is voluntary.

For audit purposes, if you do operate the Retail Scheme, you are required to record your gross takings and calculate the amount of output tax that is due only on a daily basis, rather than item by item. You will then use the totals of output tax calculated in this way to arrive at a monthly figure of output tax that is due. The amounts for each month of the tax period will be inserted in the output tax side of your GST account (the record you must keep to record your input and output tax) and the final total for all months in the tax period will be recorded on your GST Return as the tax due for the period. (See example at Annex A).

Sales documents

Where you use a programmable till that is capable of producing a sales receipt for the customer, the information it shows must be that for a **Simplified GST Invoice**.

A **simplified GST invoice** may be issued where the value of the transaction, including GST, does not exceed £250. For larger sales you must issue a full GST Invoice.

The **simplified invoices** must show:

- the supplier's name (business or trading), address and GST number,
- the date of supply,
- the tax inclusive value of the supply, and
- an indication that total charged includes GST at the appropriate rate.

If several articles are sold in a single transaction, these **may** be described collectively in the invoice as "goods" or "services" rather than being individually itemised.

This concession does not remove the liability of the retailer to issue a full GST tax invoice, if requested by the customer in accordance with Article 42 of the Goods and Services Tax (Jersey) Law 2007.

Where you do not use a till or your till does not produce a till receipt, you may issue a simplified tax invoice, as above, using an invoice book or similar. A copy of each simplified invoice issued must be kept in your business records. However you do not have to issue a receipt to the customer unless required to do so by Licensing or Place of Refreshment Laws.

Sales to other GST-registered businesses must continue to be accounted for on a sale-by-sale basis but businesses are able to operate a dual accounting system in these circumstances - i.e. applying the Retail Scheme for sales to the general public and the normal GST accounting system for sales to other GST businesses.

Price marking

Price marking requirements are detailed in the Price Indicators (Jersey) Regulations 2008. Remember, it is your responsibility as a GST-registered person to ensure that your customers are made properly aware of the prices they are being asked to pay.

In the majority of cases you will be required to quote and display the prices of goods as 'tax inclusive prices.' An exception will be those goods imported from the United Kingdom, where the indicated prices are tax-exclusive and pre-marked; this only applies to books, newspapers, periodicals and pre-priced foodstuffs. However, although in these cases GST of three per cent will have to be added 'at the till,' it must be made clear, before payment, that GST has to be added to the cover price. This may be done by signs within your business premises. There must be no price increase surprises for customers when they come to pay.

Economic Development department has produced 'A Practical Guide to the Price Indicators (Jersey) Regulations 2008' which gives examples of acceptable methods of signage in these cases.

Applying the Retail Scheme

The Retail Scheme has been authorised by the Comptroller Income Tax under powers granted to him, as the official responsible for the administration of GST, by Article 43 of the Goods and Services Tax (Jersey) Law 2007. For details of how the Retail Scheme works please see Annex A.

If your business qualifies for the Retail Scheme under the above rules you may adopt it without further permission. However, if you would like to adopt an alternative accounting method, this will require the approval of the Comptroller.

GST Law and information

Copies of the Goods and Services Tax (Jersey) Law, 2007 and the GST Regulations are available for inspection at Parish Halls, the States Bookshop, the Customer Service Centre at Cyril Le Marquand House in The Parade, St Helier, the Public Library and on the States website www.gov.je.

The States of Jersey Income Tax Office has also published a series of information leaflets to assist the business community and the general public. Among those that might be of particular interest are:

- A guide to Jersey's GST Law
- A guide to the GST Regulations
- An introduction to Jersey's GST for businesses
- GST: Books and records to be kept
- A guide to completing your GST Return
- The GST Margin Scheme for the Motor Trade
- GST refunds for charities
- GST refunds for DIY builders
- GST visits by tax officers
- GST and the consumer
- GST: Burial and cremation

These can be obtained from the Customer Service Centre at Cyril Le Marquand House or viewed on the States website.

How can I find out more about GST?

The Comptroller welcomes direct approaches from the business community and the general public. A dedicated GST Help Desk has therefore been established to deal with GST enquiries. Help Desk officers can provide general advice and guidance, or arrange for your enquiry to be answered by a GST specialist. They can be contacted by telephone on the GST Help Desk on 440555 during office hours, by fax on 737978, by e-mail gst@gov.je or you can write to The GST Help Desk, GST Department, States of Jersey Income Tax Office, Cyril Le Marquand House, P.O. Box 56, The Parade, St Helier, Jersey.

You do not need to be registered, or liable to be registered, to take advantage of this service.

In addition, specialist officers from the Income Tax Office are available to make visits to business premises to advise on general and business-specific GST matters. These visits can be arranged by the GST Help Desk.

Annex A

The Retail Scheme calculates your output GST by reference to your Daily Gross Takings. These must be recorded on a daily basis and the tax calculated as shown in the examples below. Annex B explains how to calculate your Daily Gross Takings.

The Retail Scheme works as follows:

Step 1: Record your total gross takings for the day in your GST account.

Step 2: Add to this figure the amount of any bills or expenses paid out of the till cash during the day.

Step 3: Add to the total any cash taken from the till for personal use.

Step 4: Deduct from the total the value of sales of telephone cards or stamps sold.

Step 5: Multiply the adjusted gross takings figure by the GST fraction, $5/105$.

The resulting figure is your output GST for the day, and the balance is your sales figure net of GST.

Step 6: Record the amount of GST calculated in Step 5 in your sales records.

Step 7: Total the GST calculated for the month and record this monthly total in the output tax side of your GST account.

Step 8: Add the total GST for each month of your quarterly return period and record this figure in your GST Return as the tax due for the period.

Please note: If you use a programmable till the Z reading taken at the end of each day will show amounts that have been rung into the till. If there are sales that **have not** been rung, these must be added to your Daily Gross Takings. If you have made payments that **have not** been rung as deductions, the Z reading does not need to be adjusted for these payments.

Example of Calculation of Output Tax using the Retail Scheme

Step 1: Daily Gross Takings (Day 1)	£ 896.00
Step 2: Add the value of bills paid from till	£ 88.00
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Adjusted Gross takings (Day 1)	£ 984.00
Step 3: Add the value of monies taken for personal use	£ 50.00
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Adjusted Gross Takings (Day 1)	£1,034.00
Step 4: **Deduct the amount of telephone cards sold	£ 110.00
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Adjusted Gross Takings (Day 1)	£ 924.00
**Deduct the amount of stamps sold	£ 14.00
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Finalised Gross Takings (Day 1)	£ 900.00

Step 5: Multiply your final day's gross takings by the GST fraction of $\frac{3}{103}$ ($£900 \times \frac{3}{103}$) = £42.86

Step 6: Record Day 1 GST of £42.86 in your business GST account.

Step 7: Repeat for each day in the month and record the total in the output tax side of your monthly GST Account.

Step 8: Add the total GST for each month of your quarterly return period and record this figure in your GST Return as the tax due for the period.

Example GST Account - Anyperson Retail Business Ltd GST account

Anyperson Retail Business Ltd

GST account

Period from 1st July 2009 to 30th September 2009

GST deductible - Input tax	£	GST payable - Output tax	£
Records GST you have been charged on your purchases:		Records GST you have charged on your sales:	
GST paid in July	2,215.23	Retail Scheme GST charged in July	2,780.23
GST paid in August	1,626.47	Retail Scheme GST charged in July	2,305.81
GST paid in September	2,792.01	Retail Scheme GST charged in July	3,302.45
Sub Total	6,633.71	Sub Total	8,388.49
GST allowable on overhead expenses	196.85		
Adjustments:		Adjustments:	
Bad debt relief	96.48	Nil	0.00
Sub total	6,927.04	Sub total	8,388.49
Less GST on credits received from suppliers	-27.50	Less GST on credits allowed to customers	-23.00
Total tax deductible	6,899.54	Total tax payable	8,365.49
		Less total tax deductible	-6,899.54

Annex B

How do I keep a record of my Daily Gross Takings?

The record of Daily Gross Takings (DGT) will normally be a till roll or copies of sales vouchers. It is this record and not simply cash on hand which constitutes your DGT. There is a DGT checklist below and you must ensure that your record complies with the requirements in the checklist.

Daily Gross Takings (DGT) checklist

The DGT is a record of your retail supplies and is a crucial part of your retail scheme records. It is important that you follow the guidance in this section on how to calculate your DGT.

What must I include in my Daily Gross Takings (DGT)?

From the day you start using the scheme you must keep a record of your DGT. You must include in your DGT record:

- all payments as they are received by you or on your behalf from cash customers for your retail supplies;
- the full value, including GST, of all your credit or other non cash retail sales at the time you make the supply; and
- details of any adjustments made to this record.

The DGT record will normally be a till roll or copies of sales vouchers. It is this record and not simply cash on hand which constitutes your DGT.

Are all forms of cash payment included in my DGT?

Yes. You must include and record the following in your DGT as they are received from your customers:

- Cash;
- Cheques;
- Debit or credit card sales, such as Visa, Mastercard, American Express, Switch, Delta or similar electronic transactions; and
- Electronic cash

Is my DGT simply a record of cash receipts?

No. You must also include the following in your DGT on the day you make the supply:

- the full value of credit sales (excluding any disclosed exempt charge for credit);
- the value of any goods taken out of the business for your own use;
- the cash value of any payment in kind for retail sales;
- the face value of gift, book and record vouchers redeemed, and
- any other payments for retail sales.

What transactions may reduce my DGT?

Your till roll or other record of sales constitutes your DGT and it is this figure which you must use when calculating output tax due under your retail scheme. However, you may reduce your DGT for the following:

- Counterfeit notes;
- Illegible credit card transactions (where a customer's account details are not legible on the credit card voucher and therefore cannot be presented and redeemed at the bank);
- Inadvertent acceptance of a cheque guarantee card as a credit card;
- Inadvertent acceptance of foreign currency (where discovered at a later time, for example when cashing up);
- Inadvertent acceptance of out of date coupons which have previously been included in your DGT but which are not honoured by promoters;
- Instalments in respect of credit sales;
- Receipts recorded for exempt supplies;
- Receipts recorded for goods or services which are to be accounted for outside the scheme;
- Refunds to customers for overcharges or faulty/unsuitable goods;
- Supervisor's float discrepancies;
- Till breakdowns (where incorrect till readings are recorded due to mechanical faults, for example till programming error, false reading and till reset by engineer);

- Unsigned or dishonoured cheques from cash customers (but not from credit customers);
- Use of training tills (where the till used by staff for training has been returned to the sales floor without the zeroing of figures); and
- Void transactions (where an incorrect transaction has been voided at the time of the error).

Phonecards

The sale of unused 'phone cards is outside the scope of GST. Exclude these sales from your Daily Gross Takings. (GST is accounted for by the issuer of the card as each call charge is deducted from the credit on the card). You must however account for GST on the commission you receive from the supplier of the 'phonecard, whether received as a payment from the supplier or as a discount on the face value of the 'phonecard.

Stamps

The sale of stamps is exempt from GST. Exclude these sales from your Daily Gross Takings.

How may I reduce my DGT for transactions listed above?

You must be able to provide evidence to support any adjustments to your DGT figure. If you make an adjustment but subsequently receive a payment, you must include that payment in your DGT. You must not reduce your DGT for till shortages which result from theft of cash, fraudulent refunds and voids or poor cash handling by staff.

What if I am involved in transactions not covered in this check list?

If you have a particular type of transaction which is not covered here and you are unsure of the correct treatment for GST then seek the advice of the GST Team.

