

# STATES OF JERSEY



## **DRAFT GOODS AND SERVICES TAX (JERSEY) LAW 200- (P.37/2007): SECOND AMENDMENTS (P.37/2007 AMD.(2)) – COMMENTS**

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**Presented to the States on 17th April 2007  
by the Minister for Treasury and Resources**

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**STATES GREFFE**

## COMMENTS

The Deputy's amendment is in three parts. However the amendments to Articles 31 and 32 really appear to be consequential upon adopting his proposed amendment to Article 94.

The proposed amendment to Article 94 would enshrine in primary law a decision which is perhaps better achieved by Regulations, and the Draft Law allows for this to happen. Indeed it is sufficiently flexible to allow inclusive pricing as the norm, but with power to deal with particular issues. Enshrining the principle in primary legislation does give a greater element of certainty, but equally makes it harder to amend, should circumstances change in the future.

The amendment to Article 94 would put Jersey in a situation somewhat similar to that which pertains in Canada and the U.S.A. However the USA regime appears to be more akin to a retail sales tax, and is therefore not strictly comparable. A better comparison might be with the remainder of the world, and in particular the situation in the U.K. and throughout mainland Europe, where GST-inclusive (or VAT-inclusive) prices 'at the shelf edge' are the norm. For Jersey to adopt the Deputy's amendment would be to put us a variance with the majority of our neighbours, and no doubt be the source of confusion and criticism from our many visitors.

The amendment may have been motivated from a desire for consumer protection, but this will actually depend on a variety of factors, since shopkeepers are at liberty to charge whatever they wish for their goods, and it is for the consumer to decide whether or not to buy at that price. For those retailers which are subsidiaries of U.K. multiples, there may be an incentive to add a further 3% to what already may be a higher marked price. Consumer protection can work both ways, and what is really necessary is the ability of customers to make an informed choice.

The amendments of Deputy Breckon are therefore not supported.