

STATES OF JERSEY



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

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

STATES GREFFE

COMMENTS

The Panel has raised a number of issues, and the Treasury and Resources Minister has the following brief comments to make on each of them:

Article 8: remove the three year restriction on an increase in rate

The Minister opposes this amendment on the basis that he has given an undertaking to the States and to the public, and wishes to honour that commitment. To vary the commitment might also suggest that the States was simply anxious to have a more positive cash flow and was less concerned about constraining growth in expenditure.

Article 41

The Minister is prepared to accept the views of the Corporate Affairs Scrutiny Panel.

Article 51: property conversions

Whilst originally it was planned that all building works, including repairs and maintenance, might be zero rated for GST, the prevailing view of States Members when the matter was discussed last autumn was that to exclude repairs and maintenance was taking a step too far.

The Law as currently drafted is specific as to its scope, but the amendment as currently drafted would lead to anomalies between building contractors and DIY conversions, and it would also be necessary to amend Schedule 6(2)(4). However the difficulty in trying to determine when a 'conversion' is actually akin to a 'new build' could give rise to considerable problems and appeals. If Members feel that certain conversions or building extensions should qualify, then there might need to be a link to 'an additional unit of accommodation' as defined in Housing Regulations.

The current amendment is accordingly rejected.

Articles 88, 89 and 92

The Minister is prepared to accept the views of the Corporate Affairs Scrutiny Panel.

Schedule 8, Paragraph 7

Although the heading of this paragraph may suggest heavy-handed connotations, the intention behind it is simply to ensure that audit visits to a place of business can take place, and that the business proprietor cannot unreasonably deny entry.

Contrary to the assertions of the Scrutiny Panel, this legislation mirrors the situation on Singapore, as well as that pertaining elsewhere in the world. The extract quoted from Singapore relates to the Singapore Customs Act, but their Singapore GST Act (Article 84(1)(a)) gives powers similar to those proposed in the draft Law.

The Minister accordingly cannot accept the amendment.