

GUIDE TO GST IN JERSEY

CONTENTS

PREFACE	1
1. Goods and Services Tax (GST)	2
2. International Service Entities (ISEs)	3

PREFACE

This Guide provides an outline description of Goods and Services Tax and International Services Entities in Jersey.

It is recognised that this Guide will not completely answer detailed questions which clients and their advisers may have; it is not intended to be comprehensive. If any such questions arise in relation to the contents, they should be addressed to any member of the team, using the [contact information](#) provided at the end of this Guide.

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Jersey

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1. GOODS AND SERVICES TAX (GST)

GST was introduced in Jersey in 2008 pursuant to the Goods and Services Tax (Jersey) Law 2007, as amended (the **Law**). It is a tax payable by consumers, not businesses, which is charged on the majority of goods and services supplied in Jersey for use or benefit locally. It is collected at each stage of production, manufacture, distribution and sale, where the supplier is, or is required to be, registered for GST.

GST is also charged and payable on the importation of goods as if it were a customs duty on the goods under the Customs and Excise (Jersey) Law 1999.

The current rate of GST payable is five per cent of the value of the goods or services supplied.

It should be noted, however, that there are certain supplies (e.g. exported goods, housing, medical prescriptions and international services) which, for economic reasons are taxed at zero per cent and exempt supplies which are not taxed for social or difficult to tax reasons (e.g. finance, insurance, postal, medical and paramedical supplies made by registered professionals or institutions, as well as supplies by charities).

1.1 Input and Output Tax

Registered businesses are required to make quarterly payments of tax collected to the Comptroller of Taxes in Jersey (the **Comptroller**). Tax received on the goods sold is called output tax and tax paid is called input tax. A registered business will be able to offset output tax against any input tax and it is the balance of this deduction which is paid to the Comptroller.

Below is an example of how payment of tax is calculated:

A wholesaler sells goods to a Jersey retailer for £300 plus five per cent GST.

The Jersey retailer pays £315 for these goods (£15 input tax).

The Jersey retailer sells the goods to a consumer for £525 (£300 original cost, £200 mark-up, £25 output tax).

The Jersey retailer pays £10 to the Comptroller (calculated by deducting £15 input tax from £25 output tax = £10). The wholesaler pays £15 to the Comptroller (subject to any input tax that may be set-off). The total GST paid to the Comptroller is £25, which is the GST paid by the consumer on the total price of the goods. The businesses of the wholesaler and the retailer do not suffer any additional financial loss.

Where there is no output tax, the Comptroller issues the Jersey retailer with a GST credit in the sum of the input tax amount. With effect from January 2013, when a registered person, having received the benefit of the credit, does not pay for the supply to which the input tax relates within a period of six months, the registered person shall be treated as not having been entitled to the credit.

The Comptroller may make directions to provide for the restoration of the input tax credit if the registered person subsequently pays for the supply.

1.2 GST Registration

A business must be registered for GST if it has, in the preceding 12 months made taxable supplies (i.e. supplies at standard or zero rate) of £300,000 or more. Registration can be undertaken online at www.jsytax.je

If a business is not registered for GST, it must not charge GST to its customers and it will not be able to reclaim any GST incurred.

If the “taxable supplies” of a business are below the registration threshold of £300,000 but it is able to satisfy the Comptroller that the business makes “taxable supplies” or intends to do so, it can apply for voluntary registration under Article 5 of Schedule 1 of the Law.

2. INTERNATIONAL SERVICE ENTITIES (ISES)

To protect the competitiveness of the finance industry in Jersey, GST is not charged on services provided to ISEs. ISEs are entities listed as international service entities by the Comptroller or by a trust company business, which the Comptroller has authorised to maintain a list of ISEs.

The ISE scheme is an alternative to GST registration. ISEs are not required to register for GST nor charge GST as its supplies are not taxable.

2.1 ISE Lists

The following businesses can be included on the list of ISEs maintained by the Comptroller only:

- Banks registered under the Banking Business (Jersey) Law 1991 to undertake deposit-taking business;
- Trust company businesses registered as such under the Financial Services (Jersey) Law 1998 (FSJL);
- Fund services businesses registered as such under FSJL;
- Functionaries of collective investment funds holding permits pursuant to the Collective Investment Funds (Jersey) Law 1988 (CIF).

The following businesses can be included on either the lists kept by the Comptroller or maintained by an authorised trust company business:

- collective investment funds established pursuant to CIF;
- unregulated funds established pursuant to the Collective Investment Funds (Unregulated Funds) (Jersey) Order 2008;
- companies;
- limited partnerships, limited liability partnerships;
- trustees of trusts; and
- an *Anstalt*, *Stiftung*, or foundation.

In the case of companies, limited partnerships, limited liability partnerships, trustees, *Anstalt*, *Stiftung* and foundations, all of the following conditions must be met in order for such entity to be eligible for listing as an ISE:

- not more than ten per cent in value of all the supplies made by the entity of goods and services are made to individuals who belong in Jersey;
- to the extent the value of all the supplies of goods or services made by the entity in Jersey exceeds ten per cent of the value of all supplies of goods and services made by the entity, the supplies in Jersey are made only to an ISE;
- no individual who belongs in Jersey has the effective use, or the effective enjoyment, of any asset owned or administered by the entity; and
- no individual who belongs in Jersey has the effective use, or the effective enjoyment, of any goods, or service, supplied to or by the entity.

2.2 Fees

The following fees are payable, in aggregate, for each calendar year regardless of the date of application (no apportionment for period of less than one year):

- banks (deposit-taking business) - £50,000;
- trust company business - £7,500 for affiliation leader plus £200 for each participating member and £200 for each ISE administered (and listed by it);
- fund services business (not registered as a managed manager) - £2,500;
- entity holding a CIF permit as a functionary (but not a managed manager nor collective investment fund) - £2,500;
- entity holding a CIF permit as a managed manager - £500;
- a collective investment fund (if listed by the Comptroller)- £200;
- an entity which is a body corporate or partnership, limited partnership or limited liability partnership, which is not included in any of the other entities in this list - £200;
- an entity that is a trustee, which is not included in any of the other entities – nil;
- a collective investment fund (which is not included in any of the other entities in this list) - £200;
- an *Anstalt*, *Stiftung* or foundation – £200.

2.3 ISE Registration

Application for registration to the Comptroller is completed online at www.jsytax.je

ISE status lasts for one calendar year and entities are required to renew their ISE registration annually in order to retain such status. It is not possible to renew ISE status if there are registration or renewal fees outstanding from a previous year.

If an entity ceases to be listed, it will cease to be an ISE.

2.4 End User Relief

Once listed, an ISE is issued with an End User Relief Certificate (**Certificate**) by the Comptroller which exempts it from being charged GST by its suppliers and it will be given an identification number. If the ISE is on a list maintained by a trust company business then that business will issue the ISE with a statement confirming its listing (**Statement**).

The effect of the Certificate or the Statement is that GST registered persons should not charge GST on supplies made to an ISE unless:

- the supply is made under a retail scheme and has a value of less than £1,000; or
- goods are being supplied to the ISE for onward supply in the same state to a person who belongs in Jersey.

Input tax is recoverable when attributable to supplies made to an ISE by submitting a claim form to the Income Tax office in Jersey.

2.5 Offences

Failure to comply with the provisions of the Law may result in tax penalties being imposed or sanctions for criminal offences, e.g. a fine or term of imprisonment.

For more specific advice on Goods and Services Tax or International Services Entities in Jersey, we invite you to contact one of the following:

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For the convenience of clients in other time zones, a list of contacts available in each of our jurisdictions may be found [here](#).