



VOISIN LAW

What is GST?

GST is a tax on the domestic consumption of both imported and locally produced goods and/or services. It is payable upon sale at the standard rate of 5% which has stood since June 2011. The governing law is the Goods and Services Tax (Jersey) Law 2007.

Am I eligible to register and how will GST be collected?

GST has a registration threshold of £300,000. This means that any business with an annual turnover that exceeds this amount must register with the Taxes Office. If registered, businesses collected GST from customers when they make sales of goods/services that are classed as taxable at the standard rate under the legislation. Then, GST can be reclaimed by the business on any taxable supplies that fall into the category of their business expenses. If you are not registered, but are required to be, and GST is charged to customers, you will be in breach of the GST law.

Registration means that the business must charge GST to customers on the standard-rated items. It follows that there is a requirement to make GST returns and pay any due GST within one month of the end of the quarterly period to which it relates. Failure to do so results in a financial penalty, together with interest on unpaid GST.

Voluntary registration is available for those businesses that do not reach the £300,000 a year threshold. This may be attractive because upon registration, a business is eligible to recover any GST incurred on purchases and expenses for the business. However, this comes with the obligation to charge GST on sellable goods/services and to maintain records of this. This option may or may not be beneficial and so it is advised to talk to a tax advisor. It must be noted that if you are not registered, you cannot charge GST to your customers.

The ‘registered person’ for GST is the legal entity that owns the business, for example, the sole proprietor, the partnership or the limited company.

Which goods/services are taxable?

There are three categories of GST and all goods and services are placed into one:

- Standard-rated;
- Zero-rated; and
- Exempt

Standard rated are goods/services that are taxed at the aforementioned standard 5% of their total value at the point of sale. The most familiar goods/services fall into this category – food and drink, goods from shops, rented goods, services such as hairdressing or hospitality and imported goods from online.

Zero-rated goods and services are few, but notably they include housing, medical prescriptions and



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exports of goods and certain services such as legal advice to non-residents. The ‘exempt’ category is not taxable on the grounds of public policy, for instance, insurance, postal services and supplies used by charities.

For further information or specific advice, please contact [Ian Strang](#) or [Jeffrey Giovannoni](#) of Voisin.

This note is intended to provide a brief rather than a comprehensive guide to the subject under consideration. It does not purport to give legal or financial advice that may be acted or relied upon. Specific professional advice should always be taken in respect of any individual matter.