

Income Tax Department

Goods and Services Tax

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GST Direction 2008/18

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Relief of GST on Imported Goods

1. Background

This Direction 2008/18 replaces the previous Direction 2008/07.

The Goods and Services Tax (Jersey) Law 2007 makes it the responsibility of the Comptroller of Income Tax to administer Goods and Services Tax (GST).

The Agent of the Impôts is responsible for the administration of GST on the importation of goods under the Customs and Excise (Jersey) Law 1999.

The GST Law allows the Comptroller, by Direction, to make provision for enabling or requiring the remission or refund of GST, or the giving of relief from GST.

This Directive sets out the requirements in relation to relief of GST on goods imported by non-GST Registered persons and businesses. (There is no requirement for GST Registered persons or businesses to claim relief of GST on imported goods because the appropriate liability to GST will be accounted for within Quarterly Returns made to the Comptroller of Income Tax).

2. Contents

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3. Legal basis

Article 67(1) of the Goods and Services Tax (Jersey) Law 2007 states: “The Comptroller shall be responsible for the administration of this Law”.

Article 67(2) of the Goods and Services Tax (Jersey) Law 2007 states: “..... the Agent of the Impôts shall provide for GST on the importation of goods to be charged and payable as if it were a customs duty on those goods, be responsible for the administration under the Customs and Excise (Jersey) Law 1999 of GST on the importation of goods”.

Article 56(2) of the Goods and Services Tax (Jersey) Law 2007 states: “The Comptroller may, by direction, make provision for enabling or requiring the remission or refund of GST, or the giving of relief from GST, in such circumstances as the direction specifies”

4. Definitions

“Approved” means approved by Customs.

“Approved Trader” is a generic term which means a person or company approved by Customs to take possession of imported goods in accordance with arrangements made with Customs.

“CAESAR” means Customs and Excise System for Administration of Revenue; that is to say the Customs goods control and revenue collection IT system as updated for GST purposes.

“Commercial use” means the use of means of transport for the transport of persons for remuneration or the industrial or commercial transport of goods, whether or not for remuneration.

“Customs Law” means the Customs and Excise (Jersey) Law 1999.

“Customs Service” means the States of Jersey Customs and Immigration Service.

“Declaration” means Inward Entry in accordance with Article 25 of the Customs Law; whether by remote access to CAESAR or by other means of making declaration, approved by the Agent of the Impôts.

“Designated port” means ports and airports specified in the Import and Export (Ports and Airport) (Jersey) Order 2000.

“GST” means Goods and Services Tax.

“GST Law” means the Goods and Services Tax (Jersey) Law 2007.

“GST Registered” means a person or company registered with the Income Tax Department for GST purposes.

“Income Tax Department” means the States of Jersey Income Tax Department.

“Means of Transport” means commercial and private vehicles, vessels, aircraft, containers and pallets.

“OPR” means outward processing relief.

“Personal luggage” means the whole of the luggage which a person is in a position to submit to the customs authorities on his or her arrival in Jersey as well as any luggage submitted at a later date provided it can be evidenced that the luggage was registered prior to the person’s departure as accompanied luggage with the company transporting it into Jersey.

“Private use” means the use other than commercial use of a means of transport.

“Relief” means the requirement to pay duty is removed by law.

“RGR” means returned goods relief.

“TI” means temporary importation.

“Valid journey” means a journey to Jersey from any other of the British Islands or another country but does not include a journey to Jersey that is made only from the territorial seas of or adjacent to the places referred to above or the air space of such places.

5. Temporary Importation of Means of Transport

The relief applies to means of transport temporarily imported by a person established outside Jersey or on his/her behalf, used by such a person or on his/her behalf or registered outside Jersey in the name of a person established outside Jersey or where the vehicle, vessel or aircraft is not registered, belonging to a person established outside Jersey.

Total relief shall also be granted where means of transport owned outside of Jersey, are temporarily imported for private or commercial use for a limited period by a natural person established in Jersey.

Application and Authorisation for Relief:-

Application by non-registered persons for relief should be made to the Customs Service (including applications for relief made under the “declaration by any other act” procedures as described below).

Under the procedures covered in this Section, each importation is treated as requiring a separate application for authorisation. If an application to claim TI relief is accepted, the person claiming relief will be the authorisation holder. They will be responsible for any GST charges that may be due on the goods declared whether or not they own them.

Application to the Customs Service can be made before or at the time of import by:-

- a CAESAR declaration backed, where required, by security given to the satisfaction of the Agent of the Impôts as appropriate for the payment of GST; or
- an oral declaration; or
- arrival at an designated port or going through the green 'nothing to declare' channel or its equivalent (declaration by any other act).

Whilst authorisation for relief of GST on means of transport temporarily imported into Jersey will normally be automatically granted following a 'declaration by any other act', if there are concerns about use of the 'any other act' procedures, a CAESAR declaration and security may be required.

This relief applies to air, sea and road transport into Jersey and in both the commercial and private aspects of transport. The authorisation will provide for total relief from GST.

The relief also applies to pallets, containers and their accessories.

Conditions of Use of the Procedure:-

As a general rule means of transport under the temporary importation procedure should not be lent, hired, sold or otherwise disposed of or where hired on importation should not be re-hired to any person except for the purpose of immediate exportation.

The period for discharge for means of road, air and sea traffic is set at twelve months from the date of importation. Should any person already within the procedure wish to interrupt or extend the procedure he/she must contact the Customs Service and must abide by any decision made.

When means of transport are entered to TI relief, the authorisation holder accepts responsibility for the GST potentially due. This liability can be discharged by:

- exporting the means of transport from Jersey, or
- transferring the means of transport to another TI authorisation holder, or
- payment of GST liability or
- destroying the means of transport under Customs supervision.

Derogations:-

Provision for relief may be allowed in cases where a person established in Jersey and employed by a person established outside Jersey is required to drive a vehicle belonging to that person for commercial or private purposes within Jersey or where a person established in Jersey uses a temporarily imported vehicle privately on the instructions of the registered holder, the holder being established outside Jersey but in Jersey at the time of use.

Derogations will be at the discretion of the Agent of the Impôts.

Penalties:-

Failure to comply may result in the revocation of the relief and a requirement for immediate payment of GST on the value of the goods on importation. At any time whether at entry or at a later control point where the Agent of the Impôts is satisfied that there is a serious risk of non-compliance with the obligation to re-export a means of transport, a declaration will be required and security will be called for.

Where there is evidence of deliberate abuse of the relief, the penalties available under the GST Law or Jersey Customs Law, as appropriate, will apply.

6. Temporary Importation of Other Goods

- Total relief from GST may be granted where samples are imported in reasonable quantities and solely used for being shown or demonstrated in Jersey.
- Total relief from GST may be granted for goods for approval where they cannot be imported as samples and the consignor for his / her part wishes to sell the goods and the consignee (if the consignee is GST registered) may decide to purchase them after inspection.
- Total relief of GST may be granted for imported animals owned by a person established outside of Jersey.
- Total relief of GST may be granted for goods imported to be exhibited or used at a public event in Jersey not purely used for the commercial sale of the goods.
- Total relief of GST may be granted for professional equipment owned by a person established outside Jersey and used solely by, or under the personal supervision of the person visiting Jersey.
- Total relief shall also be granted to equipment owned outside of Jersey, and temporarily imported for a limited period, by a natural person established in Jersey.
- Total relief of GST may be granted for goods temporarily imported under an ATA Carnet. (The ATA carnet system, as used within the Community, is applicable in its entirety to Jersey).
- Total relief of GST may be granted for disaster relief material where it is imported to be used in connection with measures taken to counter the effects of disasters or similar situations affecting Jersey.

Application and Authorisation for Relief:-

Application by non-registered persons for relief should be made to the Customs Service.

Under the procedures covered in this Section, each importation is treated as requiring a separate application for authorisation. If an application to claim TI relief is accepted, the person claiming

relief will be the authorisation holder. They will be responsible for any GST charges on the goods declared whether or not they own them.

Application must be made before or at the time of import by:

- a CAESAR declaration backed, where required, by security given to the satisfaction of the Agent of the Impôts for the payment of GST; or
- an oral declaration and if not an Approved Trader, security given to the satisfaction of the Agent of the Impôts for the payment of GST.

Authorisation will specify the period for discharge which will normally be twelve months from the date of importation. Should any person already within the procedure wish to interrupt or extend the procedure he/she must contact the Customs Service and must abide by any decision made.

Conditions of Use of the Procedure:-

When any of the above goods are entered to TI relief, the authorisation holder accepts responsibility for payment of security and for the GST potentially due. This liability can be discharged and security returned by:

- exporting the goods from Jersey, or
- transferring the goods to another TI authorisation holder, or
- payment of GST liability or
- destroying the goods under customs supervision

Penalties:-

Failure to comply may result in the revocation of the relief and the loss of security.

Where there is evidence of deliberate abuse of the relief, the penalties available under the GST Law or Jersey Customs Law as appropriate will apply.

7. Outward Processing Relief

OPR is a trade facilitation procedure for non-GST Registered businesses designed to encourage trade by allowing approved traders to:

- temporarily export goods from Jersey for processing or repair, and to re-import the goods (compensating products) with total or partial relief from GST, subject to prescribed conditions;
- obtain relief from GST on goods imported as replacements for GST paid goods exported, or to be exported, from Jersey for repair.

Private individuals may also use OPR when re-importing goods of a non-commercial nature which have been processed or repaired outside of Jersey, or where faulty goods have been replaced with equivalent goods.

They must be able to show that the goods are solely for their own use, or for use by other members of their immediate family, and are not intended for any commercial purpose.

Application and Authorisation for Relief:-

Application by non-registered persons for relief should be made to the Customs Service.

Application should be made to use OPR prior to the export of the GST paid goods by the person who will be using the relief.

Private individuals who wish to import goods which have been processed or repaired outside Jersey do not need to apply for authorisation prior to export. They apply for relief when they re-import the goods.

Authorisation to use OPR will only be issued at the request of the person arranging for the processing operations to be carried out.

The period of validity of an authorisation will not normally exceed three years from the date that the authorisation takes effect. Authorisation will specify the period for discharge.

Authorisations will be granted only;

- to persons established in Jersey, and
- where it is considered that it will be possible to establish that the compensating products have resulted from the processing of temporary export goods, and
- where authorisation to use the relief is not liable seriously to harm the essential interests of Jersey.

Conditions of Use of the Procedure:-

The period of validity of the authorisation will be decided by the Agent of the Impôts.

The Agent of the Impôts will specify the period within which compensating products must be re-imported into Jersey. They may extend the period providing a satisfactory request to do so is received from the authorisation holder.

The Agent of the Impôts may need to satisfy himself that it is possible to establish that compensating products have been manufactured from the temporary export goods.

If a supply of replacement goods or repaired goods is permitted the Agent of the Impôts must be satisfied that the returned goods have not been enhanced, unless adequate provision is made to secure the GST.

Calculating the Amount to be Relieved:-

The value of the temporary export goods should be taken into account for those goods in determining the import value of the compensating products.

If the value cannot be determined that way it will be calculated by the difference between the import value of the compensating products and the processing costs, determined by reasonable means.

Penalties:-

Where the conditions of the relief are not complied with, authorisation will be refused and where there is evidence of deliberate abuse of the relief the penalties available under the GST Law or Jersey Customs Law, as appropriate, will apply.

8. Returned Goods Relief

RGR from GST may be granted at the request of the person concerned, to goods of Jersey origin which, having been exported from Jersey, are returned to Jersey within a period of three years in the same state as they were exported.

RGR will not be granted in the case of goods that have been exported as zero-rated goods.

Returned goods are relieved from GST even where they represent only a proportion of the goods exported from Jersey.

Application and Authorisation for Relief:-

Application by non-registered persons for relief should be made to the Customs Service.

Application to the Customs Service can be made before or at the time of import by:

- A CAESAR declaration; or
- an oral declaration; or
- arrival at an designated port or going through the green 'nothing to declare' channel or its equivalent (declaration by any other act).

Authorisation to use RGR will only be granted by the person who will be using the relief.

Returned goods in one of the following situations may also be relieved from GST on re-importation

- Goods which, after having been exported from Jersey have received no treatment other than that necessary to maintain them in good condition or handling which alters their appearance only

- Goods which, after being exported from Jersey received treatment other than that needed to maintain them in good condition or handling other than that altering their appearance, but which proved to be defective or unsuitable for their intended use, providing that one of the following conditions is fulfilled:
 - a) such treatment or handling was applied to the goods solely with a view to repairing them or restoring them to good condition.
 - b) their unsuitability for their intended use became apparent only after such treatment or handling had commenced

Penalties:-

Where the conditions of the relief are not complied with authorisation will be refused and where there is evidence of deliberate abuse of the relief the penalties available under the GST Law or Jersey Customs Law, as appropriate, will apply.

9. Personal Belongings / Change Of Residence/ Transfer Of Personal Property From a Secondary Residence Relief

The relief is for the use of natural persons transferring their normal place of residence to Jersey and to persons transferring their personal property from a secondary residence.

The relief applies only to the personal property of the person changing residence or transferring personal property from a secondary residence; there must be no commercial purpose in the importation. This means property intended for the personal use of the person concerned or for meeting his/her household needs, it includes;

- household effects
- cycles, motorcycles, private motor vehicles and their trailers, camping caravans, pleasure craft and private aeroplanes
- household provisions appropriate to normal family requirements
- household pets and saddle animals
- portable instruments of the applied or liberal arts for a trade or profession

The relief frees such property from any charge to GST.

Application and Authorisation for Relief:-

All application by non-registered persons for relief should be made to the Customs Service.

- Application can be made before or at the time of import by:
- A CAESAR declaration; or

- an oral or written declaration; or
- arrival at a designated port or going through the green 'nothing to declare' channel or its equivalent (declaration by any other act).

The property must have been in the possession of the person at his/her former, normal place of residence for a minimum of six months prior to the date when he/she ceases to have his/her normal place of residence in the country of departure.

For the transfer of property from a secondary residence outside of Jersey to a principal residence in Jersey the property must have been in the possession and use of the person at his/her secondary place of residence for a minimum of six months prior to the date when he/she imports the property into Jersey.

The goods must be intended for the same use as previously, at his/her new normal place of residence.

The relief may only be granted to a person whose normal place of residence has been, for a continuous period of at least 12 months, outside Jersey or to a person who has their principal place of residence in Jersey but owns a secondary residence outside of Jersey.

Conditions of Use of the Procedure:-

No relief is available for tobacco or tobacco products, alcoholic beverages, commercial means of transport or articles for use in a trade or profession other than portable instruments of the applied or liberal arts.

Property granted relief on change of residence or property transferred from a secondary place of residence must not be lent, hired, sold, given as security or given away without the prior notification to the Customs Service. Should there be a disposal on any goods afforded this relief within 12 months of the relief being given, GST will be charged on the value of those goods at disposal, as acceptable to the Customs Service.

Should a person wishing to make use of change of residence relief require his/her personal property to be imported into Jersey prior to taking up residence he/she may do so, providing he/she takes up actual residence within six months of the importation and security for the payment of GST is given to the satisfaction of the Agent of the Impôts, determined with reference to the liability to GST.

If it is considered that property transferred from a secondary place of residence has deliberately been placed in storage at the secondary residence for a period of six months prior to importation to avoid GST no relief shall be granted.

Penalties:-

Where the conditions of the relief are not complied with authorisation will be refused and where there is evidence of deliberate abuse of the relief the penalties available under the GST Law or Jersey Customs Law, as appropriate, will apply.

10. Goods Imported on the Occasion of a Marriage

Trousseaux and household effects, whether or not new, belonging to a person transferring his or her normal place of residence to Jersey on the occasion of his or her marriage, shall be admitted free of GST.

Presents customarily given on the occasion of a marriage which are received by a person fulfilling the conditions laid down in the above paragraph from persons having their normal place of residence outside of Jersey shall also be admitted free of GST. The value of each present admitted free of GST may not however exceed £1,000.

Application and Authorisation for Relief:-

All application by non-registered persons for relief should be made to the Customs Service.

- Application can be made before or at the time of import by:
- A CAESAR declaration; or
- an oral or written declaration; or
- arrival at a designated port or going through the green 'nothing to declare' channel or its equivalent (declaration by any other act).

This relief may be granted only to persons whose normal place of residence has been outside of Jersey for a continuous period of at least 12 months. However derogations from this rule may be granted provided that the intention of the person concerned was clearly to reside outside of Jersey for a continuous period of at least 12 months.

This relief may only be granted to persons who produce evidence of their marriage.

Save in exceptional circumstances relief shall be granted only in respect of goods imported into Jersey not earlier than two months before the date fixed for the wedding and not later than four months after the date of the wedding.

Conditions of Use of the Procedure:-

No relief is available for tobacco or tobacco products and alcoholic beverages.

Property granted relief on the occasion of a marriage must not be lent, hired, sold, given as security or given away without the prior notification to the Customs Service. Should there be a disposal on any goods afforded this relief within 12 months of the relief being given, GST will be charged on the value of those goods at disposal, as acceptable to the Customs Service.

Penalties:-

Where the conditions of the relief are not complied with authorisation will be refused and where there is evidence of deliberate abuse of the relief the penalties available under the GST Law or Jersey Customs Law, as appropriate, will apply.

11. Personal Property Acquired by Inheritance

Personal property acquired by inheritance, by a natural person having his or her normal place of residence in Jersey shall be admitted free of GST.

For the purposes of this relief “personal property” means property constituting the estate of the deceased, it includes;

- household effects
- cycles, motorcycles, private motor vehicles and their trailers, camping caravans, pleasure craft and private aeroplanes
- household provisions appropriate to normal family requirements
- household pets and saddle animals
- portable instruments of the applied or liberal arts for a trade or profession

Application and Authorisation for Relief:-

All application by non-registered persons for relief should be made to the Customs Service.

- Application can be made before or at the time of import by:
- A CAESAR declaration; or
- an oral or written declaration; or
- arrival at a designated port or going through the green 'nothing to declare' channel or its equivalent (declaration by any other act).

Conditions of Use of the Procedure:-

No relief is available for tobacco or tobacco products, alcoholic beverages, commercial means of transport, articles for use in a trade or profession other than portable instruments of the applied or liberal arts, stocks of raw material and finished or semi-finished products or livestock and stocks of agricultural products exceeding the quantities appropriate to normal family requirements.

Relief shall be granted only for personal property imported into Jersey not later than two years from the date on which the person concerned becomes entitled to the property (final settlement of the inheritance). However this period may be extended on special grounds. The personal property may be imported in several separate consignments within the period referred to.

This relief shall apply with suitable or necessary alterations to personal property acquired by inheritance by legal persons engaged in a non-profit making activity who are established in Jersey.

Penalties:-

Where the conditions of the relief are not complied with authorisation will be refused and where there is evidence of deliberate abuse of the relief the penalties available under the GST Law or Jersey Customs Law, as appropriate, will apply.

**12. Personal Relief
(Goods contained in a traveller's personal luggage)**

Total relief from GST will be automatically granted where personal effects reasonably required for the journey and goods for sports purposes are imported when they accompany, as part of his/her personal luggage, a person entering Jersey if that person has made a valid journey.

The relief from excise duty in respect of alcohol and tobacco products is granted under the Excise (Drawback and Relief) (Jersey) Order 2000. Relief from customs duty is as per the EU rules as set out in Council Regulation EEC 918/83 Article 46.

The relief from GST will apply to the normal range of tobacco products and alcoholic beverages presently allowed under the above Excise Order and to the present amount of £145 relieved under the above Council Regulation for "other goods"

Conditions of Use of the Procedure:-

The £145.00 "other goods" relief applies to all persons whatever their age, however, the following quantitative GST relief limits for alcohol and tobacco apply, per person, to persons 17 years of age or older:

Tobacco Products:-

200 cigarettes; or

100 cigarillos, (cigars of a maximum weight of three grams each); or

50 cigars; or

250 grams of smoking tobacco.

Alcoholic Beverages:-

1 litre of distilled beverages with an alcoholic strength exceeding 22% vol.; or

2 litres distilled beverages and spirits and aperitifs with a wine or alcoholic base not exceeding 22% vol; and

2 litres of still or sparkling wine

No relief will be applied to ships' crews or frontier workers i.e. airside or shipside workers or persons arriving from only an area of open sea outside Jersey territorial waters.

Penalties:-

In any case where the relief threshold is exceeded the whole of the value of the goods imported is charged to tax and duty and the revenue on the total is collected or the goods forfeited.

Where there is evidence of deliberate abuse of the relief the penalties available under the GST Law or Jersey Customs Law as appropriate will apply.

13. Right to make future amendments

This Directive shall have effect from 6th May 2008. The Comptroller of Income Tax reserves the right, unequivocally, to amend or withdraw, without prior notice, any rules and concessions contained in this Directive.

Expiry date: None

Malcolm Campbell BA., FTII., FCMI
Comptroller of Income Tax

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