JOINT PRESS RELEASE

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Major bodies unite to support Budget amendment

Four major bodies in Jersey representing retailers, businesses and consumers have united to urge States Members to back a Budget amendment which seeks to halve the rate of the recently introduced retail tax.

The Jersey Chamber of Commerce, the Jersey Retail Association, Jersey's Consumer Council and the Town Centre Manager are all supporting a move by St Helier Constable Simon Crowcroft to reduce the Retail Tax rate from 20% to 10% in support of both businesses and consumers.

The tax was introduced in November 2017 as part of 2018 Budget by Treasury Minister Alan Maclean. The last attempt to drop the rate to 10% in April 2018 failed by the closest of margins when the votes were tied 24-24.

It means all retailers with an annual profit of £500,000 or more must pay up to 20% on their profits, with the exception of the Co-op, which is a Mutual Society, or those retail outlets that can prove at least 60% of their trade is wholesale.

The four bodies will be meeting with States Members tomorrow (Tuesday 4 December) to speak directly about the positive impact halving the rate will have on both the high street and consumers alike.

Chamber of Commerce President Eliot Lincoln said: 'Retail is currently maintaining a unique offering, when compared to the rapidly changing High Street of the UK. But this offering is under threat from changing shopping habits toward online purchases, the cost of operating a 'bricks and mortar' business and the diminishing attractiveness for larger new entrants to Jersey to invest on island with an excessive Retail Tax in place.

'To thrive as a shopping destination, the vibrancy derived from an improved shopping experience requires investment in new stores, reinvestment in existing retail offerings and a greater emphasis placed on providing staff training and development. All will require funding. These crucial factors in safeguarding the retail future of St Helier and increasing the GST income with a greater offering, are being affected by an uncompetitive Retail Tax of 20% (which is higher than that in the UK), introduced without any apparent consideration to the impact on inward investment.

'Reducing the Retail Tax to 10% is a sensible compromise that ensures a tax is levied but will also provide the necessary stimulus toward investment into the sector, entice further brands to Jersey and enable an improved shopping experience. Therefore, Jersey Chamber of Commerce supports the amendment to a 10% Retail Tax.'

Meanwhile, Lorie Rault, Chief Executive of the Jersey Retail Association added: 'The rapid shift to online sales is redefining the traditional business model. Physical stores need to make significant investment in areas such as innovation and technology in order to drive productivity, support speedy service and provide access to a large range of products.

'Customers are seeking a memorable and unique in-store experience delivered by staff with exceptional customer service skills and enhanced product knowledge. Businesses that do not invest in staff development and customer retention will fail to compete in the new retail environment.

'Retail is the third biggest employer on the Island and accounts for half of the Island's total GST receipts. The decision to implement a retail tax (which is double that of the finance industry) at a time when the industry desperately needs support and resources to survive is damaging and short-sighted.'

Speaking about the amendment, Consumer Council Chairman Carl Walker said: 'Life continues to get more and more expensive for every day Islanders so anything which has the chance to bring down prices – or at the very least prevent them from going up any further for the time being – has to be welcomed.

'Although shopping habits are changing and more people are shopping online, consumers in Jersey still want a vibrant town centre, offering good choice, good value and transparent pricing. While Jersey Consumer Council members would like to see the tax abolished altogether to help retailers maintain that, a reduction to 10% seems a huge and sensible step in the right direction.'

And Town Centre Manager Daphne East added: 'St Helier has weathered the recession well in comparison to other UK towns and cities. However we have seen over £1m in rental property vacant for over 12 months and this has increased our average vacancy rates from 1.5% to 2.9% at its highest peak.

'This needs to be a warning sign for the future of our town centre. St Helier tends to track a few years behind the UK so potentially we may not feel the full impact of high vacancy rates until 2020. A retail tax that is higher than that of the UK is ludicrous and shows a complete lack of insight into the current and future of our town centre retail offering.'

Ends

NOTES TO EDITORS

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