

VAT consignment relief and the Channel Islands - it's t...

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[It seems worth reproducing the following exchange](#) from Hansard this week in full:

Jonathan Edwards: To ask the Chancellor of the Exchequer what assessment he has made of the potential effects of the provision of low value consignment relief on entertainment products sold by mail order from the Channel Islands on independent high street entertainment stores. [70987]

Mr Gauke: We have not performed an assessment but we are aware of the impact on high street stores, and the Exchequer. The Treasury is currently considering further measures to stem the impact of LVCR.

Jonathan Edwards: To ask the Chancellor of the Exchequer whether he plans to remove low value consignment relief for **(a)** music and **(b)** other entertainment products sold by mail order from the Channel Islands. [70989]

Mr Gauke: The Government have not finalised their plans for changes to the low value consignment relief for goods imported from the Channel Islands at this time but is reviewing options.

VAT: Entertainments

Jonathan Edwards: To ask the Chancellor of the Exchequer what discussions he has had with **(a)** the European Commission, **(b)** multiple retailers and **(c)** independent stores on the effects of low value consignment relief on (i) music and (ii) the general entertainment industry. [70988]

Mr Gauke: The Government have been in contact with the European Commission to discuss their options to restrict the low value consignment relief and has received representations from a number of trade sectors affected by LVCR. Ministers are now reviewing what options are open to the Government to make further changes to LVCR.

VAT: Imports

Jonathan Edwards: To ask the Chancellor of the Exchequer what estimate he has made of the revenue foregone by the Exchequer due to the provision of low value consignment relief in each of the last five years. [70990]

12 Sep 2011 : Column 1045W

Mr Gauke: The estimate of the revenue foregone by the Exchequer due to the provision of low value consignment relief in each of the last five calendar years is as follows:

Loss of VAT (£ million)

2006 90

2007 100

2008 130

2009 140

2010 130

For consistency and ease of comparison, the figures in the table assume a constant standard rate of VAT of 17.5%. The actual cost for 2009 is slightly different from these figures reflecting the temporary cut in the standard rate of VAT.

The position is clear, massive, organised abuse is going on.

I'll tell you - although Gauke is not doing so - that the EU has said the UK has carte-blanche to act to stop this abuse altogether - so the only question now is when will they do so?

The Isle of Man's VAT abuse has been stopped. Now this one needs to be closed too.

Yes I know it has consequences for Jersey and Guernsey. But that's something they will

have to come to terms with. Promoting tax abuse is not the basis for an economy, and they should have realised that by now. The message has been spelled out loud and clear.

So, when are we going to get an announcement? That's the only question left.