

Is Jersey Post promoting new VAT avoidance schemes?

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International Tax Review has revealed that there appears to be a new avenue for VAT abuse from the Channel Islands and that the States of Jersey owned Jersey Post may, at the very least, have been involved in trialling its viability. [They report:](#)

Evidence has emerged that when low value consignment relief (LVCR) was removed from Channel Islands mail order to the UK in April 2012, companies explored a new route through Belgium to continue to claim the VAT relief. Jersey Post denies involvement, but retailers opposed to the scheme believe the option is still being looked at.

A leaked email sent by Basel eBusiness Limited to its clients in March, seen by International Tax Review, shows that while the company regretted that LVCR was being removed from Channel Islands mail order to the UK, it was exploring new routes so goods sent from Jersey and Guernsey could continue to be exempt from VAT.

Mark James, manager of Basel, said that he was aware of a new postal route to the UK market, through Belgium, which Jersey Post had been trialling in March.

“Advice obtained by Jersey Post suggests that this route works satisfactorily in respect of LVCR,” James wrote in his email. “The questions we are now asking is whether this route can be scaled up to the required level in such a short space of time.”

James was unavailable to comment at the time of publication.

The emails outline how the post is transported by ferry to St Malo in France where it travels in transit to be customs cleared in Belgium. Once cleared it is in free circulation within the EU where it will join Belgium’s post into the UK. The mail will be stamped in Jersey with a Belgium Post Insignia as allowed under Jersey’s membership of the Universal Postal Union.

The emails demonstrate how offshore companies are trying to circumvent the UK’s removal of LVCR on Channel Islands mail order, which came after onshore retailers, who have to charge VAT, complained they were being undercut and put out of business

by the market distortion.

The emails also confirm Jersey Post's involvement in exploring new routes and that it has been advising customers on it.

Now it's right to note that Jersey Post say they stopped doing this activity in April, but Richard Allen of RAVAS is dubious, and I can see his reasoning. If Jersey Post knew, as they did, that LVCR was being banned on direct shipments in March why would they be trialling other routes if it was not to replace the one that existed? Any explanation bar the fact that they intended to use such routes seems hard to explain rationally.

I think Jersey has to provide a lot better answers to what is happening here. If its own state post office is involved in assisting tax avoidance then the matter has escalated, and seriously.