

## **RETAILERS WELCOME NEWS THAT GOVERNMENT IS REVIEWING REVERSE TARIFF**

13 March 2015

“Retailers are pleased by news that Revenue Minister Todd McClay has asked his officials for advice on how other countries collect tax and duty on low value imports,” Retail NZ General Manager Public Affairs Greg Harford said today.

“Under current rules, imports worth less than around \$400 can generally be imported free of GST and duty - which means that New Zealand retailers can’t compete with foreign websites. This effectively creates a reverse tariff that is harming Kiwi businesses, costing Kiwi jobs and depriving New Zealanders of choice in their shopping centres. It is also depriving the Government of revenue. Price is a key driver for shoppers, and the reverse tariff is encouraging people to send their money offshore, rather than support New Zealand’s great retailers.

“New Zealand’s low-value threshold is high compared with most other jurisdictions. For example, Canada and the UK collect tax on all goods worth more than CAD 20, and GBP 15 respectively, so retailers in those countries don’t face the same competitive disadvantage faced by New Zealand retailers.

“Retail NZ and others have been raising this issue with Government for some time, and we are pleased that Minister McClay has asked his officials for some advice on how other countries handle the issue. There is a cost involved in collecting taxes at the border - but for most items this cost is borne by the importer. In principle, there is no reason why the government could not act immediately to apply the same rules to all goods being brought into the country. Additionally, there is some work going on at the OECD that could potentially require companies providing services to New Zealanders to be GST registered, and if adopted, this could be extended to low value goods as well. However there is no guarantee about the outcomes of this, or that the findings will be adopted by member governments.

“Retail in New Zealand is being seriously damaged by the current reverse tariff situation, and this will ultimately hurt New Zealand consumers. There is an urgent need for change, and we are encouraged that Minister McClay has instructed his officials to provide urgent advice on this issue.”