

## **RETAILERS "DEEPLY DISAPPOINTED" BY BUDGET**

Retail NZ says retailers will be disappointed that the Government has failed to take action to close a loophole which disadvantages small and large Kiwi businesses because foreign websites don't have to pay their fair share of GST and duty when selling low value goods to New Zealand.

"The Budget is deeply disappointing for retailers," Retail NZ's General Manager Public Affairs Greg Harford said today. "The Government is moving to introduce new taxes at the border but is ignoring an existing loophole that is costing the country between \$200-\$500 million in lost tax revenue at the border. The current loophole means foreign firms selling to New Zealanders don't have to pay the same taxes and duties that Kiwi firms do. This means that foreign websites have an unfair advantage over Kiwi firms, which are forced to collect GST and pay it to the Government.

"It is doubly unfair that Kiwi retailers selling goods to customers in most other countries have their goods stopped at the foreign border, and customers have to pay tax and fees before items are delivered. New Zealand has the second-highest low value threshold in the world after Australia, and both our countries are seriously out of step with most other jurisdictions. Our \$400 threshold compares to \$20 in Canada and £15 in the UK.

"This issue can be resolved reasonably simply, and we are deeply disappointed that the Government has not acted in this year's Budget to close the loophole. Not only does this loophole mean that the Government is missing out on revenue it desperately needs to reduce the \$684 million deficit, it is also driving New Zealand firms out of business and costing jobs.

"Retail NZ and Booksellers NZ are running the #eFairnessNZ campaign asking the government to require foreign websites to register for New Zealand GST. If a foreign retailer does not collect GST at the point of purchase, items worth more than \$25 should be stopped at the border pending payment of tax, duty and any clearance fees.

"Closing the eFairness loophole will allow New Zealand retailers

to compete on a level playing field with international suppliers, save Kiwi jobs and help town centres throughout the country thrive. It's time for the Government to commit to a timeframe for action.”

For further information, please contact:

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