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## **GOVERNMENT ANNOUNCEMENTS CREATE NEW GST LOOPHOLES**

Retail NZ says that the introduction today of a government bill that applies GST to offshore suppliers of services and intangibles creates new loopholes in collecting GST and is a wasted opportunity to level the playing field for all Kiwi retailers.

“This bill further delays addressing the issue of low-value goods which is a long-standing and significant problem that disadvantages domestic retailers and has negative repercussions for the whole economy,” Greg Harford, Retail NZ GM Public Affairs said today. “The bill appears to require global e-tailers like Amazon to charge GST on online services, such as e-books, while physical goods will continue to cross the border without tax.

“Retail NZ agrees with Revenue Minister Todd McClay that GST should apply to all consumption that occurs in New Zealand. The problem is that while offshore suppliers and low-value goods remain excluded GST is not a universal tax and, in fact, acts as a reverse tariff on local suppliers. If we are going to have GST, it needs to apply across the board.

“Retail NZ has strongly urged the government to consider closing the GST loophole on low-value physical goods at the same time as it addresses digital imports. The proposed solution, which requires offshore suppliers to register and pay GST in New Zealand, should also apply to goods. We are disappointed that the government has not listened to this advice.

“It makes no sense to make massive global firms like Amazon register and charge GST on an e-book at the point of sale, but not a physical book”, said Harford.

“Removing the de minimis completely and registering for GST in New Zealand is the simplest solution for large suppliers. Goods bought from smaller suppliers that are not registered could still be imported, but could be stopped at the border until the GST and duty is paid (as happens currently).

“We are pleased that Customs Minister Nicky Wagner has instructed her officials to consult us and others on the low value goods issue, and we be happy to continue to work with Customs on options to close this GST loophole.”

Currently Customs does not collect GST or duty on goods when it is less than the de minimis threshold of \$60 NZD.

ENDS

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