



MEDIA RELEASE

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GST MOVE GOOD FOR BIG KIWI TECH FIRMS BUT GOVERNMENT STILL MISSING OUT ON REVENUE

New legislation requiring international firms to charge GST when selling digital services to New Zealanders comes into force tomorrow. Retail NZ and Booksellers NZ say that, while this is good news for big tech firms like Spark and Sky TV, the Government is missing the opportunity to level the playing field for retailers and rake in extra revenue from low value goods.

“Although the Government is moving to require GST to be collected on sales of digital services to New Zealanders, and creating a level playing field for firms like Spark and Sky TV, it is missing the opportunity to make offshore retailers to charge GST when selling to New Zealanders, Retail NZ’s General Manager for Public Affairs Greg Harford said today. “The Government is missing out on between \$200 and \$500 million in GST revenue from low value goods, and effectively applying a reverse tariff to New Zealand websites and stores that makes it more expensive for New Zealanders to shop locally.

“The top 20 international shopping websites account for two-thirds of all foreign online sales to New Zealanders. It would be straightforward for the Government to require these businesses to collect GST on the sale of goods, just like it is doing for services. It may not be a perfect solution, but would be a dramatic step forward from doing nothing. The Australian Government has announced it will implement this solution from next year, and there is no reason why New Zealand should not be moving on this,” Mr Harford said.

Booksellers CEO Lincoln Gould says the new rules create an absurdity, allowing big foreign shopping websites to continue to get away without paying their rightful share of GST. “The big websites already have systems to collect local taxes. The nonsense of the new rules is that the Government is telling Amazon, for instance, it needs to collect GST on the sale of an e-book or music download, but that GST shouldn’t be charged on the sale of a physical book or CD.

“Given that the scene has been set with digital services, the continued Government inaction on low value goods is deeply disappointing. We are calling for urgent Government action to close the tax loophole,” said Mr Gould.

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