

28 November 2016

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To Whom It May Concern,

APPLYING GST TO LOW VALUE GOODS IMPORTED BY CONSUMERS

Thank you for the opportunity to comment on the exposure draft legislation and explanatory material.

Retail NZ is a trade association representing the interests of retailers in New Zealand. We have around 5,000 members who together account for around two-thirds of New Zealand's total retail sales revenue. Retailers in New Zealand employ around 200,000 New Zealanders, and range from small family businesses through to major retail chains, which includes both e-commerce retailers and traditional bricks and mortar stores. Several of our members sell to Australian customers.

Applying GST

In principle, Retail NZ supports the Australian Government's proposal to extend the Goods and Services Tax (GST) legislation to low value goods imported by consumers in Australia from 1 July 2017. As a consumption tax, it is important that GST is levied on the same basis irrespective of where the retailer is located.

We note that this approach would align where possible with the collection of GST on imported goods with services and intangibles. We strongly support this approach.

In principle there should be no difference in the tax treatment of services and goods. All purchases should be treated the same way for consumption tax purposes regardless of what they are or where they are bought. We agree with the Australian Government's intention that low value goods imported by consumers should face the same tax regime as goods that are sourced domestically.

We applaud the Commonwealth Government's action on this issue to level the playing field for Australian retailers. New Zealand faces the same issue, and we have long been asking the New Zealand Government to follow a similar approach. However, the New Zealand Government is so far steadfastly refusing to take action by following the Australian lead. Effectively, this means that our Government is levying a reverse tariff against New Zealand firms - by giving retailers from abroad a price advantage compared to domestic retailers.

Cause for concern

As a result of the new Australian legislation, Australian retailers will have a distinct advantage when selling to New Zealanders, compared with New Zealand retailers selling to Australians. We appreciate this is not the intention of the legislation, but it is the practical consequence of it.

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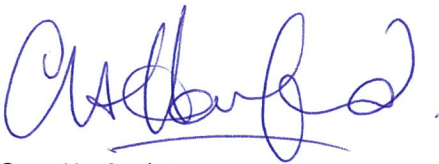


We recommend that, as a transitional measure, and in the spirit of CER and closer Trans-Tasman ties, the legislation should not apply to New Zealand retailers, until such time as the New Zealand Government introduces reciprocal GST to goods being despatched from Australia to New Zealand.

We therefore recommend the inclusion of an additional subsection, Subsection 84-5(2), which states;
“Nothing in this section applies to goods sent from a company registered and domiciled in New Zealand.”

Thank you for the opportunity to submit on the exposure draft legislation and explanatory materials.

Yours faithfully,



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