



14 December 2016

Media release

MULTINATIONAL TAX CRACKDOWN NEEDS TO GO FURTHER

Retail NZ says it's right that multinational companies should pay their fair share of tax on profits earned in New Zealand, but that the Government's proposed crackdown on tax-dodging by foreign companies also needs to include specific action on GST.

“There are massive foreign retailers operating in New Zealand today and making online sales to Kiwis who don't pay GST or duty to the Government on most items they sell to New Zealanders. This deprives the Government of hundreds of millions of dollars in tax revenue every year, and means that foreign firms have a competitive advantage when selling to New Zealanders,” Retail NZ's General Manager for Public Affairs, Greg Harford, said today.

“New Zealand-based firms selling online or in retail shops have to charge up to 25% more than big foreign retailers, and this costs the Government at least \$200 million in lost revenue.

“Fixing this loophole is a no-brainer, and easy to do. The Government needs to act immediately to require foreign firms to register for GST if they are selling physical goods to New Zealanders. This will be a cost-effective and simple way to collect the tax. Australia is moving to do this from July 2017, and this needs to be a key plank of any Government crackdown on tax avoidance by multinationals.

“GST registration of offshore suppliers may not be a perfect solution - but the top 20 global retailers account for two-thirds of all goods being sold to New Zealanders from overseas, and the introduction of a GST registration

requirement for offshore retailers would be a significant step forward in tightening the net on tax avoidance”.

For further information, please contact:

Greg Harford

General Manager, Public Affairs, Retail NZ

027 243 2842

greg.harford@retail.kiwi