



MEDIA RELEASE  
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## **MAKE 2017 THE YEAR OF E-FAIRNESS, SAYS RETAIL NZ**

Retail NZ is calling on the Government to make one of its 2017 priorities the closure of a tax loophole that allows foreign retailers not to pay their fair share of tax when selling low value goods to New Zealanders.

“The Government moved last year to require foreign websites selling digital services to New Zealanders to register for GST, and that needs to be extended to include firms selling physical goods,” Retail NZ’s General Manager for Public Affairs Greg Harford said today. “Within the European Union, companies need to be registered for VAT within each member state, and the Australians are moving require foreign firms, including New Zealand ones, to register for Australian GST from 1 July next year. New Zealand needs to follow suit as a matter of urgency, because the Government is missing out on revenue, and it makes it harder for Kiwi businesses to compete.

“The current loophole means that New Zealand businesses are paying GST to the Government, while massive global retail firms are not paying their fair share. Two-thirds of all goods sold to New Zealanders come from the 20 biggest global retailers. Many of these are multi-billion dollar companies which are already geared up to charge local sales taxes if they are required to do so by governments. The failure to close the tax loophole means that the Government is missing out on hundreds of millions of dollars a year in tax revenues - money that could be otherwise used by Government to repay debt, provide services to Kiwis, or contribute to lower tax rates.

“If a small shop in Levin or Gore is expected to account for and pay GST, there’s no good reason for the Government to give global mega-retail businesses an easy ride.

“After the Australians move in July, New Zealand will have the highest effective tax threshold for offshore purchases. While most jurisdictions require tax to be paid on imported goods worth more than between \$20-30, New Zealand’s threshold for most goods is a whopping \$400. This gives foreign retailers a distinct unfair advantage when selling to New Zealanders.

“There is a simple solution - which is to require offshore companies to register for GST when selling to New Zealanders, so that tax is collected at the time of purchase, and not at the border. The Government knows what is happening internationally, and is aware that the current loophole is impacting Kiwi firms. 2017 is the year when the Government needs to act.”

#### NOTES TO EDITORS

- The retail sector in New Zealand employs more than 200,000 New Zealanders.
- The Government is missing out on at least \$200 million+ in revenue from GST.
- Australia is requiring foreign firms to register for Australian GST if they are selling goods to Australians from 2017.
- Within the European Union, its 28 member states already require firms to charge VAT at the rate applying in the destination country.

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