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Media release

RETAIL NZ DISAPPOINTED BY SCOPE OF MULTINATIONAL TAX CRACKDOWN

Retail NZ says it is disappointed that the proposed crackdown on tax avoidance by multinational companies hasn't included moves to require firms to register for GST if they are selling goods to New Zealand customers.

"The Government is moving today to collect between \$200 and \$300 million that big multinational firms are sending off to tax havens, but the Government is also missing out on at least another \$200 million because it does not require foreign firms to register for GST when selling to Kiwis," Greg Harford, Retail NZ's General Manager Public Affairs said today. "Our Government has already moved to crack down on tax avoidance in digital services by making foreign companies register for GST when selling online; the Australian Government is moving to do the same for physical goods, and it just makes sense that our Government should tighten the net and do the same.

"Foreign retailers are operating in New Zealand today, and doing significant amounts of business online without paying New Zealand tax. Many are massive global firms - some have annual turnover close to the size of the whole New Zealand economy. Our Government should be requiring retailers to register for GST, just like domestic retailers are required to. As the Aussies have recognised, this is a cost-effective and simple way to plug a hole in the tax system and make sure foreign firms are paying their fair share of tax. Fundamentally, this is an issue about the integrity of the tax system, and the Government needs to treat it as such. Requiring foreign firms to register for GST is a simple and straightforward way to tighten the net on multinational companies and prevent erosion of the tax base".

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