



TAX ADJUSTMENTS GOOD BUT SHOULD COME EARLIER - RETAIL NZ

Retail NZ has welcomed the tax adjustments proposed in today's Budget, but says they should kick in earlier.

"The changes announced today will mean consumers will be allowed to keep more of their own money," Retail NZ's General Manager for Public Affairs said today. "It's a good thing if consumers have more money in their pockets, because they'll be able to choose whether to go shopping, save up for something, or repay debt. Overall though, the tax cuts announced in the Budget, although small, are likely to be good for the retail sector, which is facing a number of challenges at present.

"In Retail NZ's Election Statement, published last month, we asked all political parties to commit to tax adjustments, so we are pleased to see the Government is doing so to some extent. However, we are disappointed that the tax adjustments won't be happening earlier than 1 April next year, because the sooner consumers have more of their own money, the sooner we will see positive economic impacts in terms of consumer behaviour.

"Retail NZ is also disappointed that this year's Budget has not included a commitment to require foreign retailers doing online business here to pay GST to the Government. A cornerstone of the economy is that GST is universally applied to all goods and services consumed here in New Zealand. While the Government moved last year to do this for digital services, it has failed so far to commit to action on physical goods. This gives foreign websites a systemic price advantage compared to New Zealand retailers, and Kiwi firms are losing market share as a result. More importantly, this is costing the Government around \$235 million a year in lost revenue now, so dealing with this issue could nearly double the amount the Government is hoping to gain from its crackdown on multinational tax avoidance."

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