



MEDIA RELEASE: RETAIL NZ CALLS FOR GOVERNMENT TO FOLLOW AUSSIE GST LEAD FROM 1 JULY 2018

Retail NZ is stepping up calls for the New Zealand Government to close a tax loophole that lets foreign websites get away without paying GST after the Australian federal Parliament has closed a similar loophole in Australia.

“The Australian federal Parliament has this week passed legislation that requires foreign websites to register for GST if their sales meet the Australian threshold for GST registration, putting foreign and domestic businesses on a level playing field for the first time,” Retail NZ’s General Manager for Public Affairs, Greg Harford, said today. “The Australian Government has recognised that the tax loophole means it has been missing out on a sizeable revenue stream, that foreign businesses were given an unfair advantage, and that it was hindering business growth, jobs and opportunities in Australia.

“The same issues arise in New Zealand, where Kiwi businesses face a Government-imposed competitive disadvantage because New Zealand retailers have to pay GST, while those selling to Kiwi consumers from offshore do not. This is costing the Government about \$235 million a year now - rising to \$972 million a year by 2027, and is contributing to a significant loss of market for Kiwi businesses.

“New Zealand tax policy should support Kiwi businesses, not hinder them. The Government has been reviewing this issue for years, but it is now time for action. We have now written to Government Ministers asking them to commit to moving in tandem with Australia, and requiring foreign retailers to register for GST from 1 July 2018 in the same way that they have already required digital service providers like Netflix to do.

“Australia is not alone in the approach it has adopted. For internal EU transactions, businesses are already required to charge VAT at the rate applying in the destination country; Canada uses this model for magazine subscriptions; and Switzerland is moving down this track from next year. It is time for New Zealand to come into line with international practice on this issue.”

For further information, please contact:

Greg Harford
General Manager, Public Affairs
027 243 2842