



MEDIA RELEASE
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FOREIGN WEBSITE GST CONFIRMATION WELCOMED

Retail NZ has welcomed confirmation from the Government that foreign websites selling into New Zealand will have to register for GST from 1 October next year.

"New Zealand retailers, which employ Kiwis and deliver economic benefit for New Zealand, have long suffered a significant competitive disadvantage as a direct result of Government tax policy," Greg Harford, Retail NZ's GM for Public Affairs said today. "GST is a universal tax on consumption in New Zealand. Kiwi retailers have been paying GST since 1986, while foreign firms selling into New Zealand have long had a free-ride from the New Zealand taxpayer. Retail NZ has been campaigning on this issue for a number of years, and it is good news for New Zealand as a whole that the Government has confirmed it will level the playing field.

"The proposal is in line with international practice. For example, Kiwi retailers selling into Australia already have to pay Australian GST, and low thresholds apply in most other markets. While the solution is not perfect, it is a substantive step forward at delivering a level playing field for New Zealand businesses.

"More than three-quarters of all sales from foreign websites come from a relatively small number of large businesses that make more than \$60,000 worth of sales into New Zealand, and the average foreign transaction is around \$114 in value. The vast majority of foreign purchases will therefore incur GST from 1 October.

"Customs Duty is still charged on a number of items in addition to GST when they are imported by New Zealand retailers, and the Government's proposal does not deal with this issue. However, it is a significant step forward which will be welcomed by the New Zealand retail and wholesale sector."

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