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Media release

KIWI RETAILERS HIT BOTH WAYS UNDER AUSSIE GST MOVE

With Australia moving to collect tax on low value goods from 1 July next year, Kiwi retailers are facing the likelihood of being hit both ways across the border on the sale of low value goods. Retail NZ says that the release of draft Australian legislation to require foreign companies to pay GST means that now, more than ever, there is reason for the New Zealand Government to act.

“Australian retailers will continue to be able to sell low value goods to New Zealand customers, free of tax and duty, but Kiwi retailers selling their goods to Australian customers will now be required to pay Australian GST,” Retail NZ’s General Manager for Public Affairs Greg Harford said today. “While we endorse the idea of a level playing field for all retailers and accept the Australian Government’s move to charge GST, it’s just not right that our New Zealand Government is continuing to give a massive price advantage to Aussie and other retailers selling into New Zealand.

“The New Zealand Government’s continued refusal to eliminate the low value goods loophole means that, in some cases, Kiwi retailers have to charge up to 25 per cent more in GST and duty. Our Government is missing the opportunity to level the playing field for retailers and earn extra revenue from foreign multinationals selling low value goods to New Zealanders.

“Retail NZ is strongly advising the Government to act with urgency to follow the Australian lead to require foreign retailers to register for GST if they sell to New Zealanders,” Mr Harford said. “Doing so would be a simple and straightforward solution that would allow goods to cross the border seamlessly, while still allowing our Government to collect the tax rightfully due.

“Offshore supplier registration would not be a perfect solution - but it would be a massive leap forward and help prevent Kiwi firms being displaced from the retail market. Two-thirds of all goods that Kiwis

buy from offshore come from just 20 global retailers. These global giants are massive and can easily switch on systems to record and pay tax to the New Zealand Government", said Mr Harford. "Online shopping is growing rapidly, and international retailers should have to pay their fair share of GST - we see no reason for further delay."

For further information, please contact:

Greg Harford
General Manager, Public Affairs
Retail NZ
027 243 2842