

18 December 2014

Hon. Bill English
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister

FIXING THE DE MINIMIS THRESHOLD COULD HELP YOU ACHIEVE A SURPLUS THIS YEAR

Retail NZ is a nationwide trade association representing the interests of retailers. We have around 5,000 members throughout New Zealand, who together account for around three-quarters of total retail sales revenue.

We support the Government's desire to achieve a fiscal surplus. We think it's in the interests of all New Zealanders that the Government's finances are managed prudently, and we're concerned to hear this week that Treasury is now forecasting that you will not achieve your goal.


As you will be aware, retailers in New Zealand face a significant disadvantage because they are required to charge GST on everything sold here. In comparison, overseas retailers are able to sell to New Zealanders without charging GST or duty, so long as the individual shipments are valued at less than the current de minimis threshold of \$400.

Aside from the competitive disadvantage faced by local retailers, this means that the Government is not collecting as much GST revenue as it should: there is potentially at least \$200 million in 'lost' revenue that the Government is not collecting because of the current de minimis threshold. Collecting this revenue could go a long way towards closing the current deficit and helping you achieve a surplus. We appreciate that there would be a cost to Government to collect GST and duty on low-value imports, but this could be covered, as it is in other jurisdictions, by a charge levied on the importer.

Creating a level playing field would not only support local retailers, but should have positive downstream economic impacts for New Zealand. A stronger domestic retail sector will enable retailers to employ more New Zealanders. Stronger retailers with more employees should also generate increases in both company and personal income tax takes.

We would be grateful for the opportunity to come and talk to you about this in person early in the New Year. In the meantime, please accept my best wishes for a Merry Christmas and a Happy New Year.

Yours sincerely


Mark Johnston
CEO

NEW ZEALAND RETAILERS ASSOCIATION INCORPORATED //

RETAIL NZ // HQ
Level 6, 56 Victoria Street
Wellington 6011
PO Box 12086, Wellington 6144

FREEPHONE // 0800 472 472
P // 04 805 0830
F // 04 805 0831
E // info@retail.kiwi

W // retail.kiwi

Connect with us:



Supported by:

