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FIXING GST LOOPHOLE WILL HELP REDUCE DEFICIT -RETAIL NZ CALLS FOR GOVERNMENT ACTION

Retail NZ is advising the Government that it will get closer to a fiscal surplus by closing a loophole that gives foreign retailers the ability to sell to New Zealanders without paying GST and duty.

“The Government is thought to be missing out on at least \$200 million in revenue each year because foreign retailers don’t pay GST on goods shipped to New Zealand, and fixing this loophole would cover more than a third of the \$572 million deficit now projected by Treasury,” Retail NZ Chief Executive Mark Johnston said today. “The loophole arises because of outdated legislation that means individual low value items brought into the country are not levied with GST and duty, while everything sold here is subject to tax. Not only is this unfair because it means that New Zealand retailers don’t compete on a level playing field, but it also reduces employment and other taxes paid in New Zealand.

“I’ll be writing to the Minister of Finance to let him know that if he acts to fix the GST loophole, he will not only get closer to achieving a fiscal surplus, but he’ll be supporting New Zealand businesses and employees by creating a level playing field for all shopping, whether it’s done in New Zealand or abroad.”