

#EFAIRNESSNZ CAMPAIGN SEEKS URGENT ACTION ON TAX LOOPHOLE

13 April 2015

Retail NZ and Booksellers NZ have today launched an #eFairnessNZ campaign to close a loophole which allows low value goods to be imported free of GST and duty. The launch of the campaign follows comments by the Prime Minister last month that New Zealanders are prepared to pay their fair share of GST and duty, and that the current loophole creates an "unfair disadvantage for New Zealand retailers".

"Despite the Prime Minister's recent comments, the Government has not committed to close the loophole," Retail NZ's General Manager Public Affairs Greg Harford said today. "Closing the loophole is not about retailers, it's about eFairness for all New Zealanders. The current loophole is threatening local town centres, costing Kiwi jobs, and eroding the tax base. The Government is missing out on more than \$200 million a year in GST and duty on low value goods alone - funding that could pay for at least 4,345 new first-year primary school teachers, or more than 9,000 hip replacements every year.

Booksellers NZ Chief Executive Lincoln Gould says that independent bookshops are among the small businesses most impacted by the current loophole. "Booksellers, like other retailers, are finding it hard to compete with foreign websites because they start with a 15 per cent price disadvantage. We know that bookshops throughout New Zealand would sell more books and employ more

New Zealanders if the tax loophole was closed.”

Retail NZ’s Greg Harford says that New Zealand's \$400 threshold is out of step with other countries. "Taxes like GST are supposed to be applied universally. Low value thresholds apply in other markets too, but they are generally much lower than ours - at between NZ\$20 and NZ\$30. In New Zealand, you can generally import goods worth up to \$400 before needing to pay tax. This just isn't fair."

The #eFairnessNZ campaign asks the Government to set up a system for overseas companies to register for GST and collect the tax just like New Zealand based retailers. At the same time it’s also pushing the Government to introduce a \$25 threshold for low value goods, where GST and duty has not been pre-paid, to be collected at the border before the items are released. Goods worth more than \$25 should be levied to cover the cost of customs and biosecurity clearance, as happens in most other countries.

As part of the #eFairnessNZ campaign Retail NZ and Booksellers NZ members are writing to politicians and telling the public about the serious effect the tax loophole is having on their businesses. Follow the campaign on Facebook, Twitter and Instagram using the hashtag #eFairnessNZ and at www.retail.kiwi/eFairnessNZ.

Background information for media

A media fact sheet is attached and can be downloaded here <http://bit.ly/1EeN3rp>