

Media release

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RETAILERS CAUTIOUSLY WELCOME GOVERNMENT GST MOVES BUT URGE FASTER ACTION ON GOODS

Retail NZ has cautiously welcomed the release of a Government discussion paper that proposes foreign websites selling digital services to New Zealanders pay GST - but has urged faster action on dealing with low value goods as well.

“GST is a universal tax on consumption of all goods and services in New Zealand, and it’s good news that the Government is moving to close a loophole that has allowed big foreign firms like Apple Netflix and Amazon to dodge the collection and payment of GST,” Retail NZ Chief Executive Mark Johnston said today. “It’s absolutely right that these firms should be required to register for GST and collect the tax in the same way that New Zealand firms do - but it’s also critical that those foreign websites selling goods to New Zealanders also be registered for GST in the same way.

“We are concerned that the Government is proposing to deal with digital services ahead of goods. The registration of foreign companies for GST is an elegant solution that can apply to both goods and services. The biggest foreign retailers already have the functionality in their websites to collect local sales taxes, so there’s no reason for the Government to let them off the hook. If the global e-commerce giants were registered for GST, then we think that would mean GST was paid on around 80 per cent of all low value goods entering the country. This would be a significant advance towards closing the current tax loophole, and would mean that tax could be manually collected at the border, or at the point of delivery, on a relatively small number of items.

“Retailers are finding it hard to compete with global players - and the current GST loophole is like a reverse tariff that is hurting Kiwi businesses and costing Kiwi jobs. Closing the loophole will remove one source of disadvantage for Kiwi firms - but there are still challenges ahead for retailers, arising from the small scale of the New Zealand market, distance from suppliers and the cost of doing business here.

“Overall though, retailers will welcome the release of the Government discussion paper and look forward to receiving the next paper on the collection of GST on low value goods.”

For further information, please contact:

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