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RETAIL NZ “DEEPLY DISAPPOINTED” BY GOVERNMENT FAILURE TO IMPLEMENT EASY SOLUTION TO LOW VALUE GOODS ISSUE

Retail NZ says it is deeply disappointed that the Government has decided to take no immediate action to collect GST on most goods under \$400 being imported into the country until at least 2018/19.

“The Government is missing out on a substantial revenue stream - and its continued inaction places New Zealand retail businesses, especially small businesses, at risk,” Retail NZ General Manager Greg Harford said today. “It is just not good enough. The reality is that small firms in small town New Zealand are collecting tax for the Government, while massive international retailers like Amazon, Asos and Ali Baba are getting away without paying their fair share of taxes. This puts Kiwi firms at a further competitive disadvantage, and is costing jobs.

“There is an easy solution to the issue. Collecting GST on imported goods does not require border processing changes in the first instance. The Government has chosen to tax Netflix and other providers of online services, but appears unwilling to move to resolve a major issue facing small businesses that sell goods,” Mr Harford said. “The Australian Government has shown leadership on this - recently announcing that it would require offshore retailers to register for GST from July next year, but the New Zealand Government is refusing to follow suit.

“The Government says it cares about New Zealand business and New Zealand jobs but its continued inaction is damaging both. There is no good reason why the Government can’t follow the Australian lead and require foreign firms to pay GST on sales they make in New Zealand. This would then allow goods to flow smoothly across the border without disruption, as they do now. Offshore collection of GST may not be a perfect solution - but it would be a significant step forward. The top 20 international retailers account for two-thirds of all international online sales to Kiwis - and they generally already have the capability to collect GST at the time a sale is made. It would be easy for the Government to require them to pay their fair share of GST.

“We have today written to Ministers expressing our deep concerns over the continued inaction on this issue. It is time to do away with yet more reviews by officials and get on with the job of registering foreign mega-companies for GST. We’ve asked Ministers for immediate legislative action to fix the GST loophole. If the Aussies can do it, why can’t we?”

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