



Media release

AUSTRALIAN GOVERNMENT LEADS THE WAY ON GST - TIME FOR NZ TO FOLLOW SUIT

The Australian Government has today introduced legislation to the House of Representatives that will require foreign retailers and online marketplaces to register for Australian GST, and Retail NZ says it's time NZ's National-led Government followed suit.

“The Australian Treasurer spoke in Parliament in Canberra today noting the new requirement is part of the Australian Government’s commitment to creating a fairer tax system, supporting small businesses and establishing a level playing field for Australian businesses,” Greg Harford, Retail NZ’s General Manager for Public Affairs said today. “The Treasurer correctly said the Australian Government is leading the way in delivering a GST system that is fit for our modern world and our modern economy, and that it is only a matter of time before other jurisdictions follow suit.

“Retailers in New Zealand have long been disadvantaged by a loophole that allows low value goods to be imported into the country without the seller of those goods paying its fair share of GST and duty. With the new Australian rules coming into place on 1 July, it’s now more critical than ever that our New Zealand Government follows suit as a matter of urgency.

“At present, the loophole effectively means that New Zealanders are forced to pay more if they shop locally. This sends a signal that the New Zealand Government cares more about global businesses like Amazon, E-Bay and Ali Baba than it does about supporting small Kiwi businesses in heartland New Zealand. Retailers have long been calling for the Government to act, but we have seen years of inaction, despite the fact that the Government is missing out on more than \$200 million in GST every year.

“As the Australian Treasurer noted this morning, requiring foreign firms to register for GST is the most efficient way of collecting GST and limits the cost of compliance. It would not be a perfect solution, but it would be a substantial improvement on the current situation where the Government effectively punishes online shops and physical stores if they are based in New Zealand. Fixing the GST hole would support small businesses and help save New Zealand jobs.

“We urge the Prime Minister to make the most of his meetings with Australian Prime Minister Turnbull this week to take advice on how best to resolve the GST issue. Australia is leading the way on this - but there’s no reason that New Zealand can’t come a close second.

“New Zealand businesses are gradually being displaced from the market by foreign firms that don’t employ New Zealanders and don’t pay tax even if they do business here. Resolving the GST issue would not solve all the problems facing the New Zealand retail sector but would be a strong signal of support from the Government for a sector that employs 200,000 New Zealanders right throughout the country”.

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