



MEDIA RELEASE

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AUSTRALIAN STUDY SHOWS GST REGISTRATION BEST OPTION FOR FOREIGN WEBSITES

Retail NZ says that an Australian Productivity Commission report released today reinforces the fact that our Government should move immediately to make foreign websites register for GST if they are selling to New Zealanders.

"The Australian Government has legislated to require foreign websites to register for Australian GST from 1 July 2018, but asked the Australian Productivity Commission to consider any other options," Retail NZ's General Manager for Public Affairs, Greg Harford, said today. "The Australian Productivity Commission's report, released today, concludes that registering offshore suppliers is the most feasible option for resolving the eFairness loophole and make foreign retailers pay their fair share of GST. The report further concluded that most major foreign suppliers will comply with registration requirements.

"The Australian findings make it even more urgent for the new Labour-led Government in New Zealand to follow the Australian lead and require foreign websites to register for GST from 1 July 2018. The current loophole in tax policy means that foreign retailers have an automatic price advantage of at least 15 per cent when selling to New Zealanders - which also means that our Government is missing out on around \$235 million a year in tax revenues that could otherwise be used to pay for Government services.

"Over the next 10 years, we estimate that the New Zealand Government will miss out on \$5.8 billion because it is not making global giants like Amazon, Asos and iherb.com pay their fair share of GST.

"Data from Marketview shows that that nearly 94 per cent of all online shopping by New Zealanders is bought from a small handful of global companies. These firms need to start paying their way, and it's increasingly urgent for the New Zealand Government to institute a requirement for foreign firms to register for GST. The Government has already required foreign websites to do so when they are selling digital services to New Zealanders, but its failure to address the issue of physical goods creates a disadvantage for New Zealand retailers, who have to charge at least 15 per cent more than foreign websites.

"The ultimate irony is that, from 1 July, New Zealand retailers selling online to Australians will need to pay Australian GST, while Aussie firms selling into the Kiwi market won't have to pay anything to our Government. Retail NZ is renewing its call for New Zealand Government action to close the eFairness loophole, and is optimistic that the new Government will focus on the issue".

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