



10 April 2017

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra
ACT 2600

To the Committee Secretary

**Submission relating to The Treasury Laws Amendment
(GST Low Value Goods) Bill 2017 [Provisions]**

Wiggle Limited is a UK-based online retailer of cycle, run and swim equipment and clothing.

We would like to make this submission regarding the proposed legislation.

Our concerns with the legislation relate to:

- 1. Our ability to modify our systems and processes to comply by 1 July 2017**
- 2. The potentially negative effects on our Australian customers' experience for orders over \$1,000**
- 3. Our competitive position vs. potential non-compliance by our competitors**

We have three aspects upon which we would like to comment.

1. The time frame between the law being passed and its effect is too short.

If as indicated, the legislation is likely to be passed only in February/March 2017 and its effective date is 1 July 2017 the time available to us to adapt our IT systems and processes both internally and with our 3rd party shipping carriers in order to comply is far too short. We cannot scope any changes until we know the exact final requirements in the legislation and then we would need to make the IT systems and process changes required. We request that a meaningful extension between the passing of the legislation and its effective date is made.

We note that the changes to GST relating to digital services were passed in May 2016, with an effective date of 1 July 2017. This gave those overseas vendors affected a much more reasonable and fair 12 months plus to make

changes and they do not have the complexities of shipping and integration with 3rd party carriers' systems and processes as do we.

2. Orders of \$1,000 will be subject to delay, fees, complexity and potential double payment of GST.

The simplest implementation for us and the best experience for our Australian customers and in accordance with Australian Consumer Law is for us to add Australian GST to all Wiggle website prices displayed when a customer has selected an Australian delivery destination. This would mean any order for an individual item over \$1,000 or for any order of sub-\$1,000 items that totals more than \$1,000 would have GST paid. But if orders over \$1,000 are to be stopped at the border and assessed we introduce delay and uncertainty for our Australian customers plus subject them to additional costs of the unavoidable processing fees from both government agencies and the freight carrier. Additionally without changes to our systems and our carriers' systems there is no way to record that GST has been paid and so the customer will need to prove payment or risk double charging of GST.

3. Smaller competitors using postal services may not apply GST.

It is understood that the ATO will focus its proactive compliance on the larger online retailers. Also that ongoing compliance will rely on commercial cargo paperwork to identify entities that should be GST registered. For those of our smaller competitors that use postal services they will effectively be able to avoid charging GST despite, in our estimate, them selling more than \$75,000 into Australia per annum. This would mean we would either be forced to match their GST-free pricing with the consequence of an adverse effect on our margins, or those non-compliant competitors would have a 10% price advantage and so grow their market share whilst making no contribution to Australian tax revenue.

We are very happy to talk in more detail on any aspect of our submission.

Yours faithfully

Adam Johnson
General Manager - Australia, NZ and Japan
Wiggle Limited
