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3 April 2017

Economics Legislation Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

RE: *Treasury Laws Amendment (GST Low Value Goods) Bill 2017*

I write to express the Retail Council's support for the Treasury Laws Amendment (GST Low Value Goods) Bill 2017. This legislation gives effect to a long-running advocacy focus of our organisation to apply GST to imported low value goods purchased by Australian consumers.

This measure has been a key policy platform of the Retail Council for many years and we look forward to its introduction, along with the GST being applied to imported intangibles, on July 1 2017.

Throughout our discussions with Commonwealth and State and Territory governments, the Retail Council has stressed the importance of ensuring any changes have a minimal impact on the consumer experience. Other jurisdictions have adopted unwieldy tax collection methods, such as collection of goods and tax payments from post-offices only. In contrast, the vendor model featured in this Bill means Australian consumers will see little difference in their purchase experience.

Discussions we have had with Treasury, ATO and Border Force indicate that they have put in place multiple robust mechanisms to identify overseas retailers who should be registering and collecting GST on sales to Australia. In addition, we encourage regulators to recognise how influential the desire to deliver a positive customer experience is for all retailers. International retailers will be keen to continue to service their Australian clients in the way they have done before. Regulators need to make it clear to all international retailers that this continuity of service can only be guaranteed if they meet their legal obligations and register for and collect GST.

To assist in the implementation process and ensure widespread compliance, we encourage the Commonwealth and State and Territory governments to use their consumer advice bodies, such as the ACCC and various state fair trading units, to educate consumers about the changes. Suggested issues that could be covered include:

- The importance of buying from GST-registered international retailers so that goods go straight through customs.
- That only GST-registered overseas retailers are complying with their international tax obligations for Australia's GST system.
- That gifts from overseas relatives will not be subjected to the GST, unless the retailer directly assists in the shipping of the goods.
- That any souvenirs bought in person overseas, without retailer delivery assistance, will not be subjected to GST.

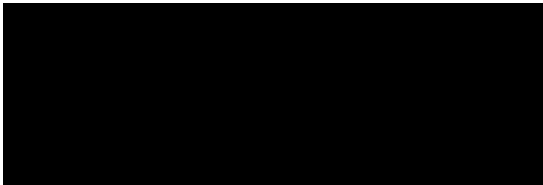
- If a goods forwarder or an electronic distribution channel is used that entity will apply the GST rather than initial purchase retailer.
- Penalties will apply for misleading an international retailer or goods forwarder. For example, avoiding paying GST by claiming to be a GST-registered company buying goods for use by the company.

An effective education program will be an important part of ensuring a smooth transition and encourage consumers to seek out GST-registered international retailers who are complying with their Australian tax obligations.

In closing, the Retail Council would like to highlight to the Committee the critical need for this Bill to be passed as soon as possible so that regulators have sufficient time to ensure that international retailers sending goods to Australia are properly registered as soon as possible. Any delay in the start date beyond July 1 will be a delay in the implementation of a fairer competitive environment for Australian retailers and the collection of vital GST funds to deliver the services that Australians need.

We urge the Committee to recognise the improvement this Bill will make to the integrity of the tax system and the benefit it will deliver to all Australians, and recommend that the Bill is passed.

Kind Regards



Anna McPhee
CEO