



Senator Jane Hume
Senator for Victoria
Chair, Senate Economics Legislation Committee
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Senate, Parliament House
CANBERRA ACT 2600
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3 May 2017

Dear Senator Hume

Re: GST on low-value overseas online purchases

At the recent 21 April 2017 one-day hearing into the government's proposal to levy GST on foreign purchases of low value goods, there was a brief discussion about the approach of other jurisdictions.

I have **attached** a statement issued earlier this month by *Business at OECD*, the business advisory committee that has provided expertise to the OECD since 1962. The OECD Global Forum on VAT brings together over 300 governments and experts to work on the very issues that Australia seeks to address. It was clear in the hearings that Australia would be a first mover and is going it alone without the imprimatur of the OECD of which Australia is a member.

eBay strongly recommends that Australia engages with this group rather than imposing unique, untested, unilateral action that will create cost and uncertainty for business and consumers (**attached** is the public opinion polling of Australian attitudes towards the government's proposals, as requested by the Senate Committee during the Inquiry hearing).

As the Committee considers its recommendations, eBay respectfully requests that the Committee consider pausing the legislative process while a proper analysis is conducted of the superior alternatives; a regulation impact statement is prepared comparing the various models; and Australia engages with the international community on this global issue.

Should you wish to discuss any of these matters, please contact me on [REDACTED] Thanks for your consideration of this matter.

Yours sincerely,

Kristen Foster
Director, Government Relations
Australia, New Zealand, Japan & South East Asia

Cc Senator Chris Ketter, Senator for Queensland, Deputy Chair
senator.ketter@aph.gov.au



GST LOW VALUE THRESHOLD BILL RESEARCH SUMMARY REPORT

**PREPARED FOR
EBAY
APRIL 2017**

RESEARCH METHODOLOGY

Fieldwork comprised a 15 minute online survey, conducted 31st March – 6th April 2017.

Representative sample of n=1,000 Australian residents aged 18+ years in marginal federal electorates Australia-wide (i.e. seats with a 5% or less margin to lose) and inclusive of strategic samples in the seats of Cook (Morrison, LIB 15.4%), Higgins (O'Dwyer, LIB 8.0%) and McMahon (Bowen, ALP 12.1%).

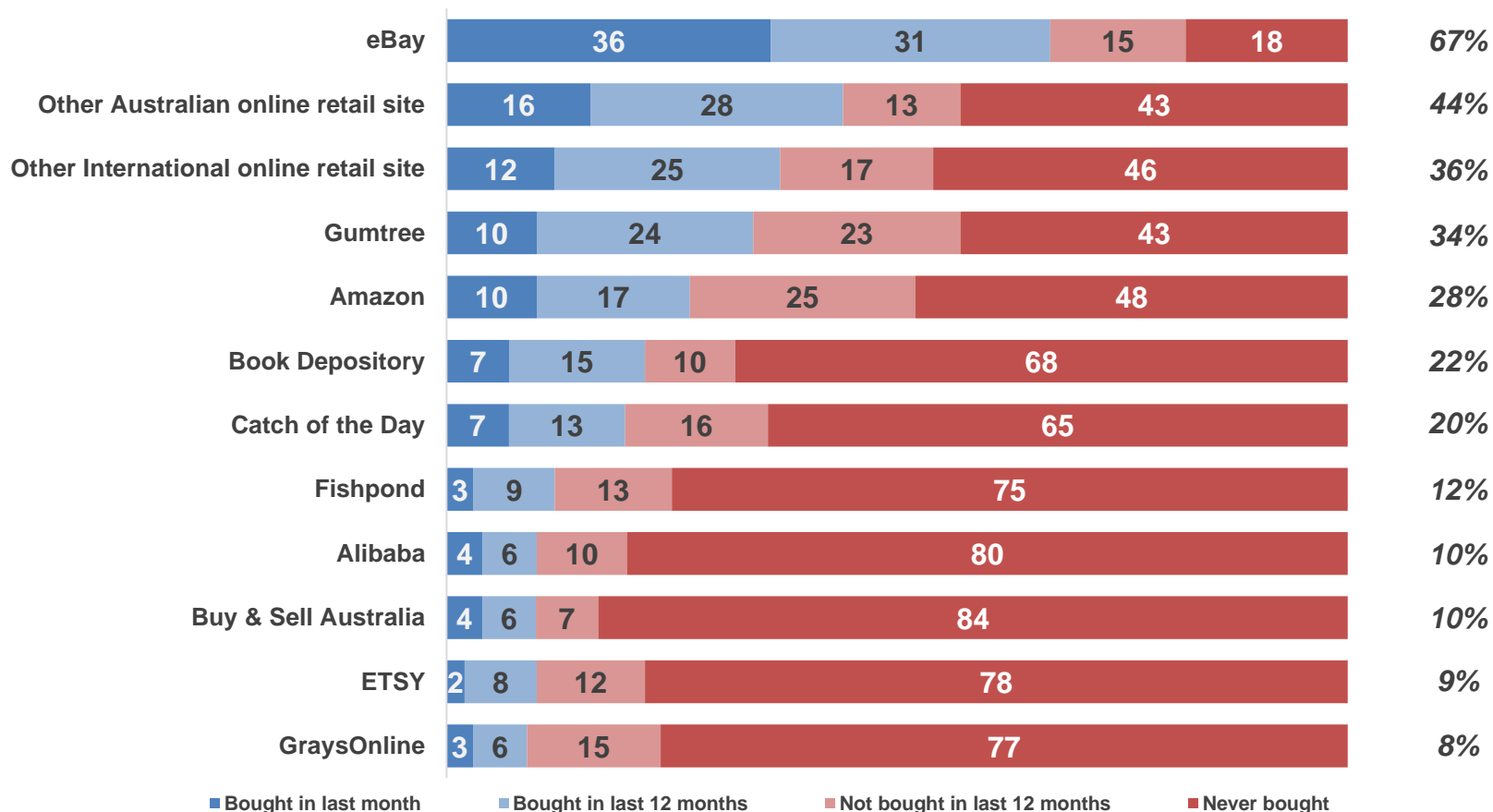
Survey quotas on age, gender and location were implemented, as well as post-weighting to ABS population distribution to ensure accurate representation.

The maximum margin of error on a sample of approximately 1,000 interviews is +/- 3.1% at the 95% confidence level for results around 50%, differences of +/-1% for net scores are due to rounding.

This research was conducted in compliance with AS-ISO 20252.

A MAJORITY OF AUSTRALIANS HAVE PURCHASED GOODS AND SERVICES ON EBAY IN THE LAST 12 MONTHS

Frequency of purchases from various Australian buy, sell and auction sites (%) Total bought within last 12 months



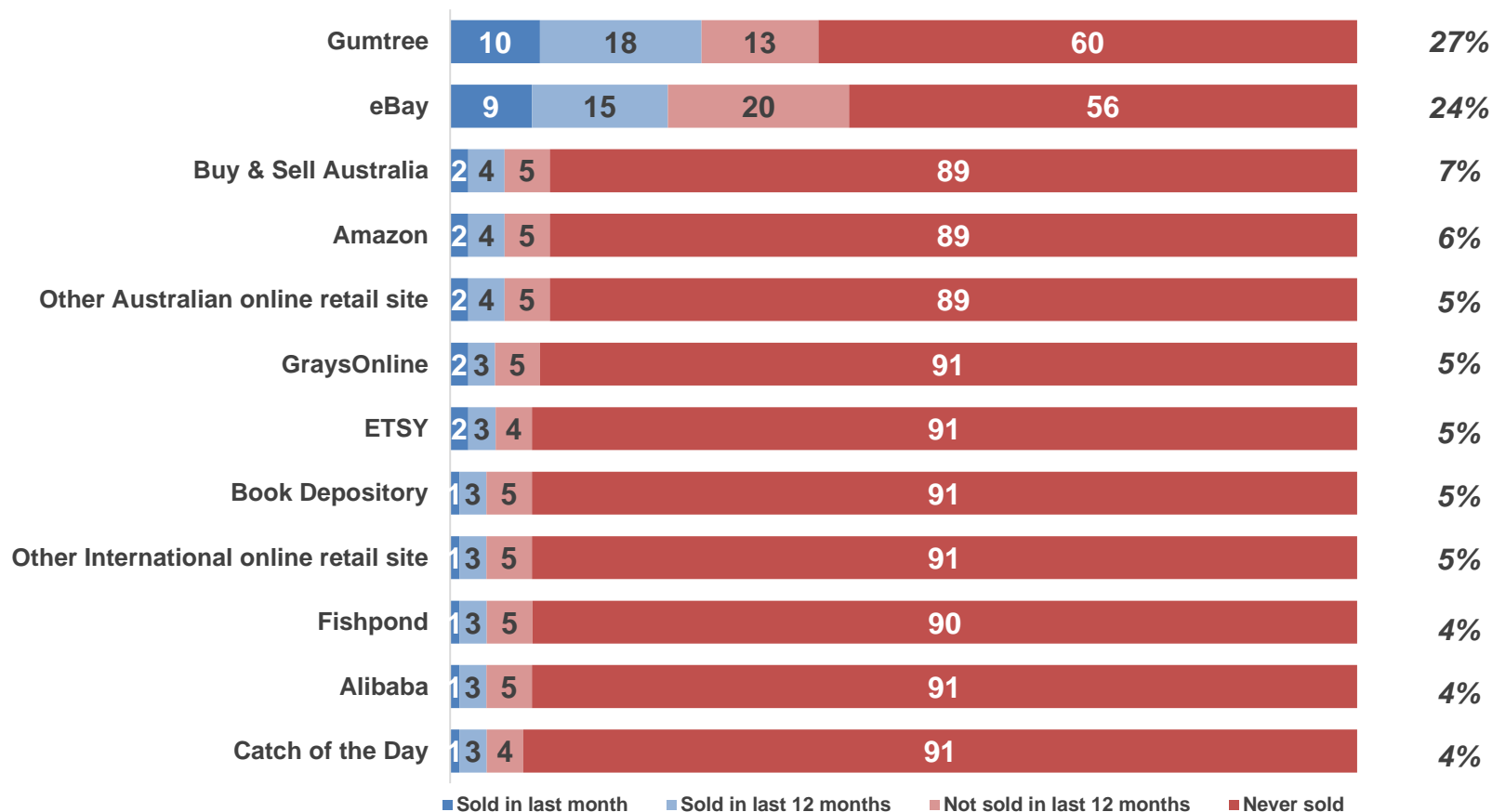
Q1. Online shopping allows individuals and businesses to buy and sell goods and services directly to others in their own country or overseas over the internet. Below are a number of Australian buy, sell and auction sites. For each, please indicate how frequently you have bought goods using them.

Base: All respondents, n=1,000

AROUND A QUARTER OF AUSTRALIANS HAVE SOLD GOODS ON EBAY IN THE LAST 12 MONTHS

Frequency of sales from various Australian buy, sell and auction sites (%)

Total sold within last 12 months

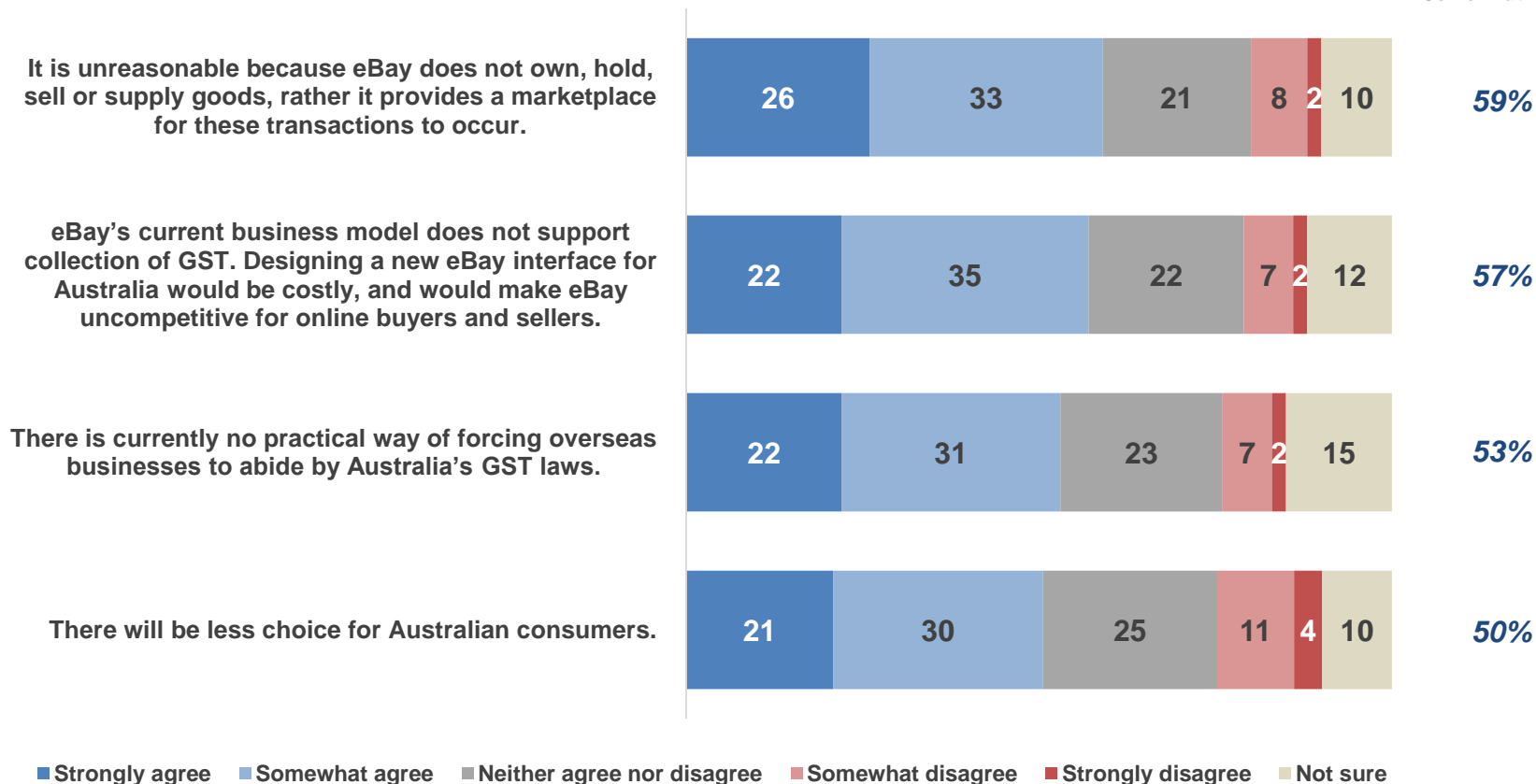


Q2. And for each, please indicate how frequently you have sold goods using them.
Base: All respondents, n=1,000

EBAY BEING A MARKETPLACE THAT DOESN'T BUY OR SELL GOODS IS SEEN AS THE MOST SALIENT REASON TO NOT SUPPORT THE PROPOSAL

Agreement with reasons why eBay does not support the proposal to act as a GST collector (%)

Total Agree (Strongly + Somewhat Agree)



Q26. One proposal for how to collect the extra GST is via online buying and selling marketplaces, such as eBay and ETSY. The Bill before the Parliament proposes that online marketplaces such as eBay and ETSY will be required to charge and collect GST on these transactions under \$1,000. Please indicate whether you agree or disagree with each of the following reasons why eBay does not support the proposal, and whether that's strongly agree/disagree or somewhat agree/disagree.

Base: All respondents, n=1,000

INITIAL VS. CONSIDERED SUPPORT - EXPLANATION

At an early stage in the survey, after being provided basic information about the Government's Bill, respondents were asked to rate the degree to which they support or oppose 'removing the \$1,000 GST threshold for online purchases for international retailers'. This is called the 'initial measure of support'.

After being asked subsequent survey questions (namely, questions about the perceived effect on features of online shopping, the fairness of various GST collection methods and reasons why eBay does not support the proposal for online marketplaces to act as a GST collector), respondents were then asked to rate the degree to which they support or oppose 'removing the \$1,000 GST threshold for online purchases for international retailers'. This is called the 'considered measure of support'.

As demonstrated overleaf, degrees of support and opposition change significantly upon exposure to the arguments and information provided through completing the survey questions between each of the initial and considered support measures.

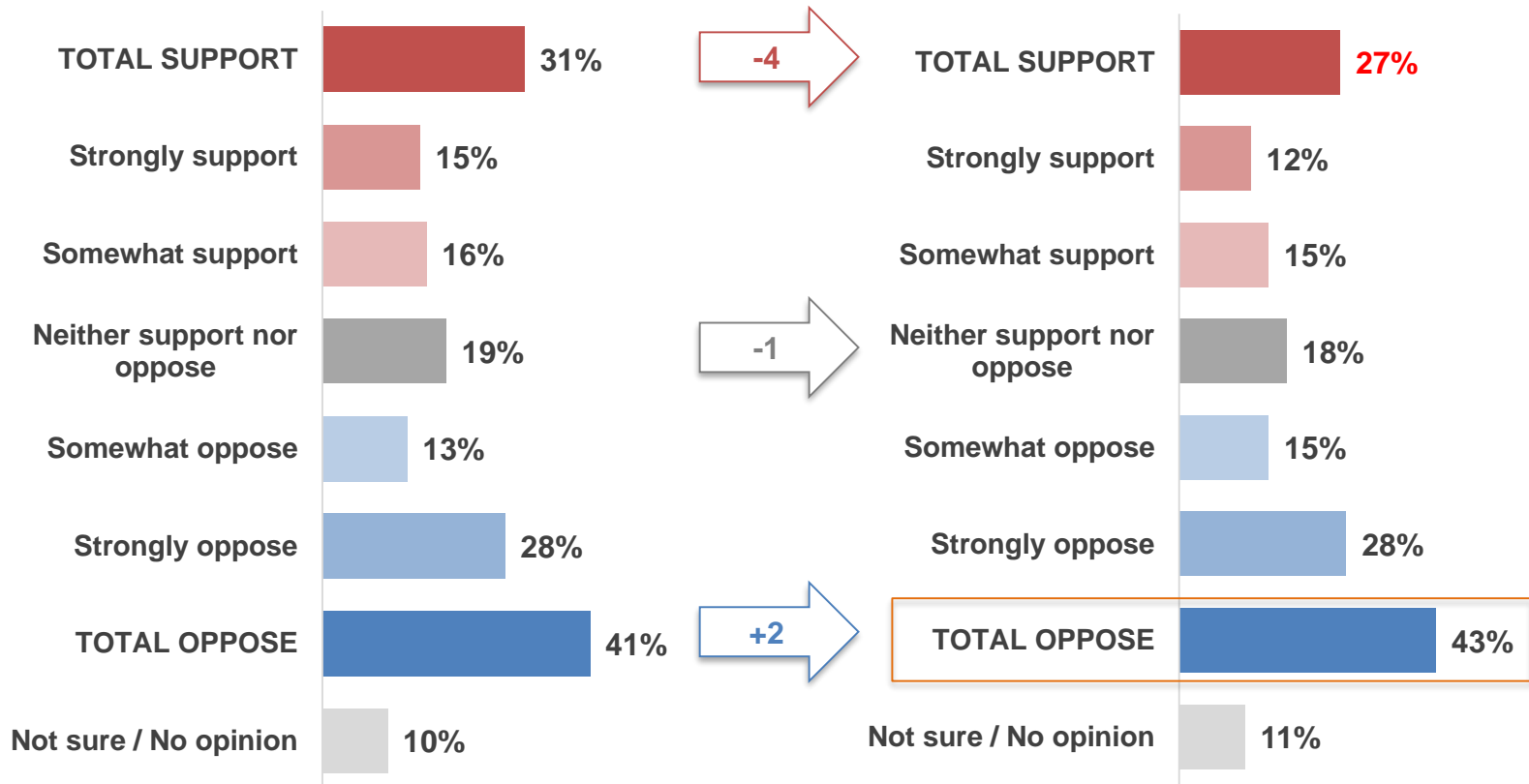
- Total Opposition increases two points to 43% at considered measure.
- Total Support drops *significantly* four points to 27% at considered measure.
- Neither Support nor Oppose drops one point to 18 % at considered measure.

Further detail is provided in the next section of this report, which sets out the Converter Analysis.

OPPOSITION TOWARDS THE REMOVAL OF THE GST LVT INCREASES SLIGHTLY ON A CONSIDERED BASIS

Initial support for removal of the GST LVT
 Net Support (Total Support – Total Oppose) = **-10**

Considered support for removal of the GST LVT
 Net Support (Total Support – Total Oppose) = **-16**



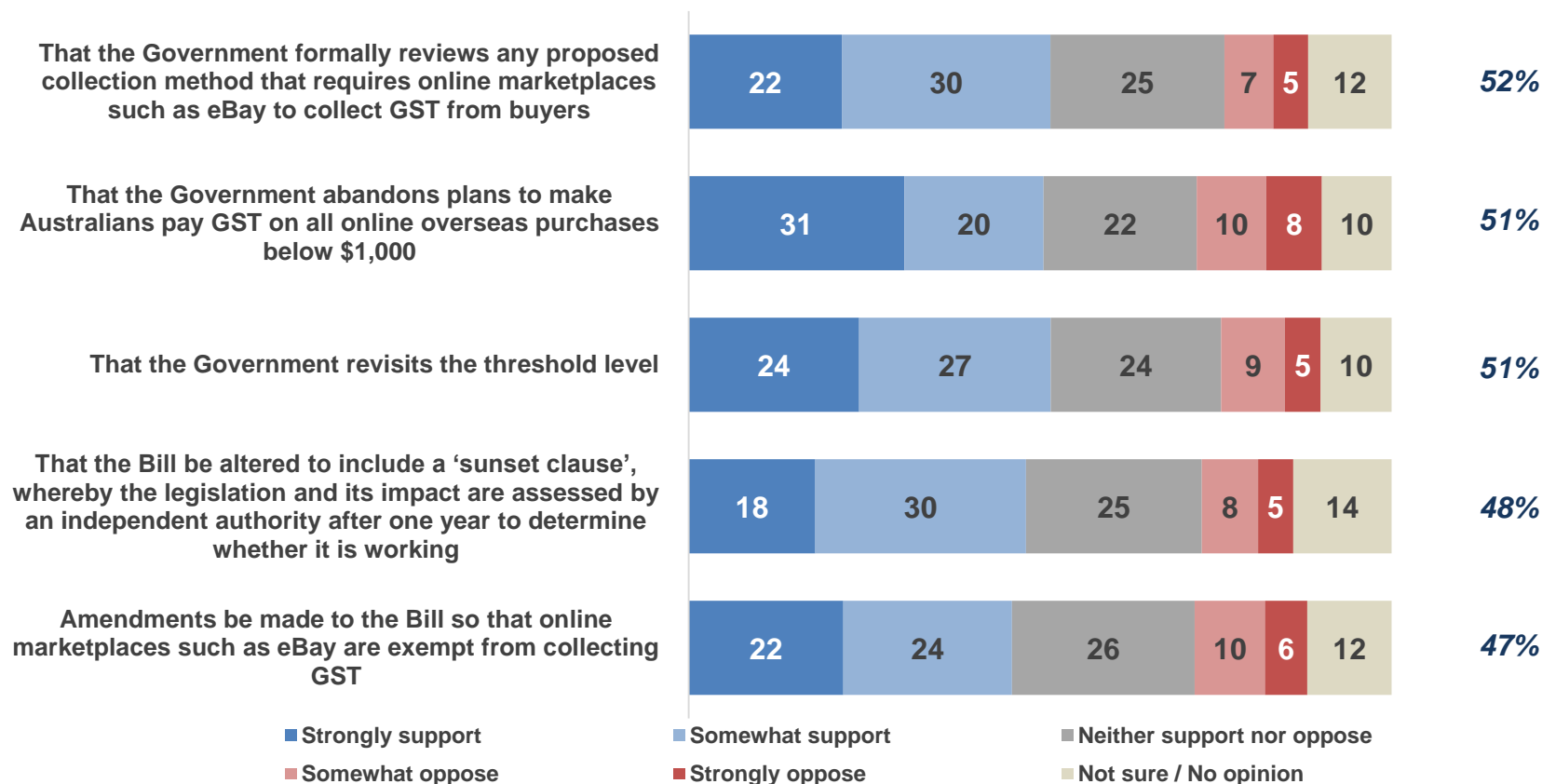
Q10. Based on what you know at this point in time, do you support or oppose removing the \$1,000 GST threshold for online purchases from international retailers? / Q27. Having considered this proposal some more, do you now support or oppose removing the \$1,000 GST threshold for online purchases from international retailers?
 Base: All respondents, n=1,000

Significantly lower than initial total at the 95% confidence interval

THERE IS MORE SUPPORT THAN OPPOSITION FOR EACH OF EBAY'S REQUESTS OF THE GOVERNMENT

Degree of support for eBay's requests of the Government in relation to the GST LVT Bill (%)

Total Support
(Strongly + Somewhat)

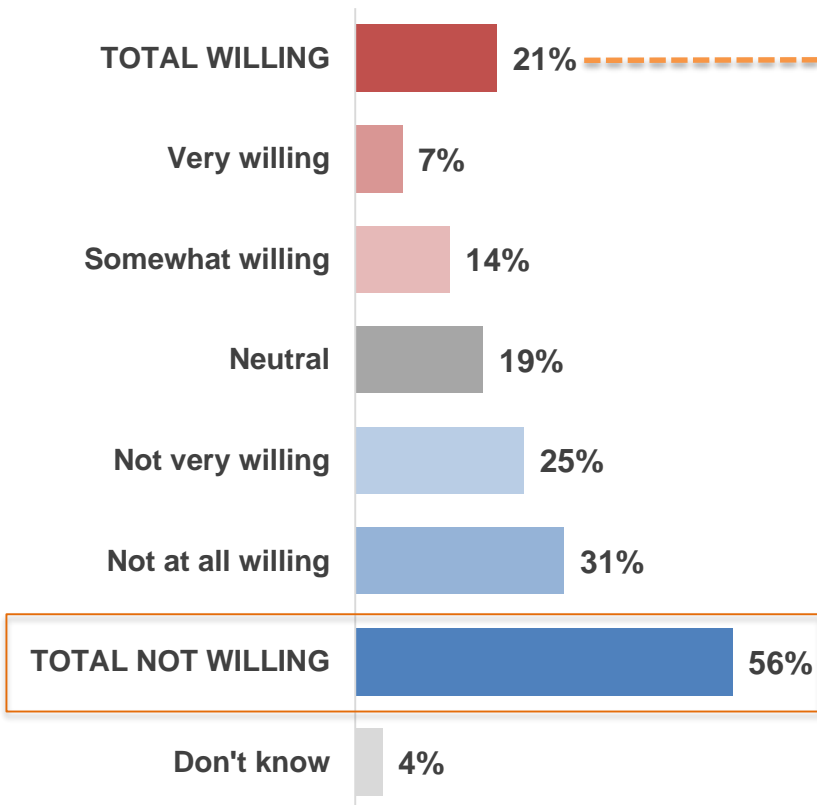


Q30. To what extent do you support each of eBay's following requests of the Government, in relation to the Bill for the removal of the \$1,000 GST low value threshold?
Base: All respondents, n=1,000

A MAJORITY ARE NOT WILLING TO PAY 10% GST ON OVERSEAS ONLINE PURCHASES VALUED BELOW \$1,000

Willingness to pay 10% GST on overseas online purchases valued below \$1,000

Net Willing (Total Willing – Total Not Willing) = **-35**



Significantly higher than the total among:

- Greens: 33%
- LNP: 30%
- Sold online in last month: 30%
- 55+ years: 29%
- Aware of possible lowering: 29%
- HH income \$100K+: 28%

Significantly higher than the total among:

- Bought on eBay in last month: 66%
- Bought on eBay in last 12 months: 61%

Q24. How willing are you to pay 10% GST on overseas online purchases valued below \$1,000?
Base: All respondents, n=1,000



**THERE ARE OVER
24 MILLION PEOPLE
IN AUSTRALIA...**

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WHAT THEY'RE
THINKING.**

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John Scales
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Mark Zuker
Managing Director

**JWS RESEARCH**

Media Release

Business, OECD and governments cooperate to ensure efficient VAT regimes

Paris, 14 April 2017 -- "Business at OECD calls for continued work founded on the OECD VAT/GST Guidelines, with the aim to foster certainty and a global level playing field on VAT/GST indirect taxation", said Karl-Heinz Haydl, Business Co-Chair of the OECD VAT Technical Advisory Group (TAG), at the 4th OECD Global Forum on VAT in Paris.

“Particularly when it comes to VAT/GST with business acting as tax collector, it is key to strike the right balance between safeguarding VAT/GST revenues for governments and keeping the administration costs and compliance burden for business low and manageable”, Haydl emphasized.

The OECD Global Forum on VAT, brings together over 300 government and business experts to explore how VAT/GST policies and their practical application around the world can safeguard VAT revenues and foster economic growth.

About Business at OECD (BIAC)

BIAC speaks for business at the OECD. Established in 1962, we stand for policies that enable businesses of all sizes to contribute to growth, economic development, and prosperity. Through BIAC, national business and employers federations and their members provide expertise to the OECD and governments for competitive economies, better business, and better lives.

For more information, contact Ali Karami-Ruiz, Director, Policy and Communications.