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Please find the following submission summarising thoughts and concerns about the draft legislation Treasury Laws Amendment (2017 Measures No.1) Bill 2017: Low Value Imported Goods.

NORA, the voice of new retail, is passionate about the wellbeing, prosperity and development of Australia's retail future. Our goal is to help strengthen and champion the Australian retail industry, and we aim to be a catalyst for collaboration. We are in complete support of the proposal to apply GST to low value imports.

However, we feel that there are key elements of the legislation that should be reviewed as they could have a negative impact on the development of the retail industry as a whole.

New retail is driven by three key pillars:

- Customer Centricity
- Technology
- Global & Borderless

The proposed legislation affects each of these pillars, and our feedback is outlined below following interpretation of the legislation, comments from retailers and meetings held with NORA members and representatives from Treasury, DIBP and the ATO. Across each pillar the main concern is that more time will be required to meet this reform, from accurately defining its interpretation to updating business/technology processes and the overall customer experience.

Customer Experience

- The information surrounding the changes needs to be clear and easily explainable to customers:
 - Currently it is suggested that there will be two processes in play, for purchases under and over \$1000 which will lead to confusion and possible double charging of GST.
 - Different GST collection methods are not clear and could lead to a negative experience for customers.

- Difficulties arranging a credit for the double charging of GST
- The complications to comply could lead to retailers opting not to sell into Australia which denies Australian consumers the choice and sophisticated offering they deserve.
- We recommend that the overall process is reviewed, de coupling GST from customs and duty to streamline the steps involved in collecting GST at the point of purchase only and remove the possibility of double charging for GST.
- Alternatively, provide a simplified process for customs brokers to easily identify orders coming from GST compliant vendors and enable them to ensure that no further GST charges are incurred.

Technology

- The start date for new legislation should be considered with realistic understanding around changes to business processes and technology of running parallel collection of GST for purchase below and above \$1,000.
 - IT development alone requires extensive cycles of scoping, design, build and test. For most retailers, this process can't be started until the legislation is defined and passed.
 - Businesses will also need to adapt the back end data manifests for accounting and freight partners.
 - Once the legislation is passed and the project is accurately scoped, the cost to make these changes will have budget impacts that require further time for approval.
 - We assume the final legislation will be ready by March which gives minimal time to carry out the steps above.
 - Our recommendation is that 12 months' post passing the legislation is fair for retailers to meet this reform.

Global & Borderless

- We encourage a level playing field for all retailers and other services involved in cross border freight involving low consignment goods.
- Non compliant vendors would have a 10% price advantage over compliant retailers.
- The proposal will only be successful if effective enforcement mechanisms are in place, as a taxing rule that is not enforced is equal to not having a taxing rule at all
- Will the ATO have capacity to enforce tax claims?