



RETAILCOUNCIL

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Manager
Indirect Taxes and Not-for-Profit Unit
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

RE: *Treasury Laws Amendment (2017 Measures No. 1) Bill 2017: Low value imported goods - Applying GST to low value imported goods*

I write to offer the Retail Council's support for the Commonwealth Government's exposure draft legislation to apply GST to imported low value goods purchased by Australian consumers. We would also like to extend our thanks to the State and Territory governments for working together on this important measure which will improve the integrity of Australia's tax system and ensure that all goods are subjected to the same indirect tax treatment no matter where they are purchased.

As you may be aware, 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 that the 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, Australian consumers will see little difference in their purchase experience as they are simply charged the GST at the point-of-sale.

To assist in the implementation process of these new rules, 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 and don't risk being stopped in random compliance checks.
- 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 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.

Once again we congratulate the Commonwealth, State and Territory governments for delivering a solution that has a minimal impact on consumers while also improving the integrity of the tax system and the competitive environment.

Kind Regards



Steve Wright
Acting CEO