



CONFERENCE OF ASIA PACIFIC EXPRESS CARRIERS

29 May 2015

Tax White Paper Task Force
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir / Madam,

RE: Re:Think Tax Discussion Paper

I am writing to you on behalf of the Conference of Asia Pacific Express Carriers (CAPEC) in respect of the *Re:Think Tax Discussion Paper* (Discussion Paper). Specifically, CAPEC would like to make a submission in response to Discussion Question 51 of Section 8 of the Discussion Paper.

CAPEC has been closely associated with the Low Value Threshold (LVT) issue ever since the air cargo and postal streams were aligned back in October 2005. In more recent times, CAPEC has worked with a number of different parties in examining the LVT, including but not limited to:

- Board of Taxation (Review 2009)
- Productivity Commission (*Inquiry into the Future of the Australian Retail Industry* 2011)
- Low Value Parcel Processing Taskforce (2012)
- Interdepartmental Committee – LVT Project (2013)

CAPEC has consistently held the view that the LVT is set at an appropriate level in that it is workable and simple to administer for Government, Industry and Consumers alike. Notwithstanding this, CAPEC has not been opposed to discussing the possibility of a reduction to the current LVT providing that its 5 Guiding Principles are met. These are:

1. Effective and efficient collection of revenue
2. Competitive neutrality (between air cargo and post)
3. Consistent application of border clearance and taxation arrangements
4. Recognition of CAPEC's unique and essential role as a provider of time definite delivery services
5. Ongoing and meaningful consultation with Government

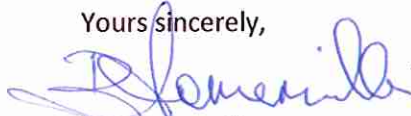
CAPEC is certainly open to exploring new and innovative ways to collect GST on low value imported goods. This could be done pre (or even post) border by a number of other parties including overseas suppliers, financial intermediaries, and the Australian Taxation Office. However, CAPEC is of the firm view that GST collection should NOT be made in such a way as to adversely impact an effective and efficient border clearance process. Collecting GST at the border is simply NOT a wise option in that it is extremely costly to both industry and Government and delays the smooth flow of goods across the border.

I have attached a copy of CAPEC's original submission to the Productivity Commission's Inquiry which includes an independent report from the Centre for International Economics (CIE) outlining the "Net Welfare Cost" that a GST on Low Value Goods would necessarily create.

Note: CAPEC concedes that the CIE findings are now slightly dated and in need of a refresh to account for increased volumes and costs. To this end, a new independent report has been commissioned. This report is not available at time of writing but can be shared upon completion.

CAPEC looks forward to ongoing engagement with the Australian Government in discussing this important Discussion Paper.

Yours sincerely,



Ben Somerville

On behalf of the CAPEC Executive Committee