

SHOP TALK

ISSUES AND NEWS AFFECTING THE AUSTRALIAN SHOPPING CENTRE INDUSTRY

THURSDAY 5 MAY 2016

FEDERAL BUDGET PROGRESSES AGREEMENT TO ABOLISH GST LOW VALUE THRESHOLD

This week's Federal Budget handed down by Treasurer Scott Morrison made a number of announcements relevant to the retail sector. After years of consideration, the Budget confirms action on the \$1,000 GST Low Value Threshold (LVT) loophole. The GST will now be applied to imported goods valued under \$1,000 from 1 July 2017, with arrangements to be reviewed after two years. In-principle agreement on the issue was reached by Australia's Treasurers in August 2015 ([Shop Talk 27/8/15](#)). It is noted in the Budget papers that closing this loophole will deliver \$300 million in revenue over the forward estimates. Technical arrangements, including registration for overseas suppliers, will be put in place to collect and remit GST using a 'vendor registration model'. Funding of \$13.8 million over four years will be provided to the ATO to implement the measure. It is noted, however, that this measure will require the unanimous agreement of the states and territories. The Bill tabled in the Parliament earlier this year to institute the so-called GST 'Netflix Tax' on intangible goods purchased from offshore ([Shop Talk 11/2/16](#)) will fall victim to a delay caused by the prolonged election campaign, although a 1 July 2017 implementation is still expected. The Prime Minister, Malcolm Turnbull, also made pre-Budget media statements confirming that there would be no changes or increase to the GST in the next Parliament if the Coalition was re-elected. Other Budget measures included the extension of company tax cuts for small business to 27.5% (down from 28.5%), including an increase in the applicable eligibility threshold to \$10 million in turnover (up from \$2 million). This means that these additional (slightly larger) small businesses will have the ability to accelerate the write-off of new business equipment under \$20,000 (an initiative that was announced in the 2015-16 Budget and will expire in June 2017). The Budget also contained additional funding to support the advocacy of the Australian Small Business and Family Enterprise Ombudsman.

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SMART CITIES PLAN: WELL-WORN (OLD) SUGGESTIONS, VALUE-CAPTURE, TENURE RISKS

The Federal Government's much heralded cities policy – the 40-page [Smart Cities Plan](#) – has been released for consultation. The Plan comprises 'three pillars': Smart Investment, Smart Policy and Smart Technology. Much of the Plan is a summary of existing policies and many of the proposed solutions are well-trodden issues, such as development assessment times and aligning land-use and transport planning. Nothing really new here. The Plan proposes the creation of an Infrastructure Financing Unit which will develop financing solutions, including the latest darling in the urban and infrastructure policy space: so-called 'value-capture' (for major projects). More pleasingly, the Plan also lends support to the planning aspects of the Harper Competition Review – which have a heavy retail planning focus ([Shop Talk 26/11/15](#)). The Plan recommends a reform to the effect of subjecting "planning and zoning rules to a public interest test". The Plan also makes some strange references to retail, including a suggested "review (of) tenancy and tenure rules...as more flexible tenure allows new service providers to experiment and innovate". This statement is concerning, and is possibly another attempt to override or ignore longstanding land-tenure or freehold property rights in the retail sector.

LATEST ABS RETAIL TRADE FIGURES HIGHLIGHT SLOWING GROWTH

Today's release of the latest (March 2016) monthly [ABS Retail Trade](#) data indicates that the overall month-on-month trend estimate grew by 0.2 per cent and by 3.6 per cent year-on-year, down from 3.8 per cent in the prior corresponding period. The latest Westpac-Melbourne Institute consumer sentiment survey was down for the second consecutive month. Both consumer confidence and retail sales may be affected in coming months as a result of the move by the Reserve Bank of Australia to cut the Cash Rate to 1.75%, the May 2016 Budget and the forthcoming Federal election.

PREVIOUS ISSUES