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MEDIA RELEASE

Retailers and landlords welcome action to close GST loophole

Retailers and major shopping centre owners have welcomed today's decision by State and Federal Treasurers to restore integrity to the tax system and close a gaping GST loophole.

This decision follows the in-principle agreement at last month's Council of Australian Governments' meeting to reduce the current \$1,000 Low Value Threshold (LVT).

The National Retail Association (NRA) and the Shopping Centre Council of Australia (SCCA) said the issue of the \$1,000 LVT, which exempts overseas retailers from paying GST and a range of other taxes and charges, had dragged on for far too long.

NRA CEO Trevor Evans said today's decision was an extremely pleasing result for the retail sector.

"This is a fight the NRA began five years ago and has invested considerable resources into research and advocacy over that time. After all of this work, it is pleasing to see a win for the retail sector," Mr Evans said.

Since the LVT was thrust into the public spotlight in Christmas 2010, it has been the subject of various reviews including the Productivity Commission (2011), the Low Value Parcel Processing Taskforce (2012) and the GST Distribution Panel (2012).

"While the \$1,000 threshold was introduced with the GST in 2000, the advent of online shopping has seen overseas online retail giants gain a leg-up in our system, while placing an unfair impediment on Australian retailers," he said.

"Coupled with the proposed action on the 'Netflix tax', it is pleasing to see the Government is now on the right track to restoring integrity to the GST."

SCCA Executive Director Angus Nardi said today's decision was all about ensuring a level playing field in the retail sector.

"Closing the LVT loophole is about restoring integrity and fairness to the tax system," Mr Nardi said.

"In September last year, it looked like action on the LVT had stalled, with Treasurer Hockey suggesting a preferred model could not be agreed between the States and Territories.

"It was therefore pleasing when Assistant Treasurer Frydenberg re-ignited the debate over Christmas 2014, highlighting how unfair the LVT was and confirming it would be re-examined."

Next steps in the tax reform process

The SCCA and NRA have also highlighted the need for a range of other issues facing the sector to be properly considered in the next steps in the tax reform process.

"Our sector is an engine room of economic activity, employment and tax generation when it comes to taxes such as the GST, land tax and payroll tax, and we are cautious about over-simplified tax reform options that could disproportionately or unfairly hit our sector," Mr Nardi said.

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