

## MEDIA RELEASE

**August 21, 2015**

### **Retailers and landlords call on Treasurers to close GST loophole**

Retailers and shopping centre owners have united to urge State and Federal Treasurers to restore integrity to the tax system and close a gaping GST loophole when they meet today.

The National Retail Association (NRA) and the Shopping Centre Council of Australia (SCCA) said the \$1000 Low Value Threshold (LVT) which exempts overseas retailers from paying GST and a range of other taxes and charges was costing Australia valuable GST revenue.

Last month's Council of Australian Governments meeting agreed in principle to reduce the LVT, and the retail sector is calling on the Treasurers to agree on and outline the details of how they plan to close the loophole.

The NRA and SCCA support a structure similar to the proposed "Netflix tax" announced in May, where the GST is levied at the point of transaction. Removing the threshold should come no later than the implementation of the "Netflix tax", which is proposed to begin in July 2017.

NRA CEO Trevor Evans said the GST LVT is an unfair impediment on local retailers, and the threshold should be reduced to zero.

"With the advent of online shopping, Australian retailers must now compete on a worldwide scale. Local businesses are at a price disadvantage compared with their overseas competitors when selling exactly the same product to the same customer in Australia," Mr Evans said.

"This \$1000 threshold is giving the overseas online giants a leg-up in our system, while placing an unfair impediment on our local retailers.

"The State and Federal Governments need to close this unfair loophole once and for all. They are on the way with digital downloads, and they should do the same with other overseas purchases."

SCCA CEO Angus Nardi said this is simply a matter of ensuring everyone was playing on a level field.

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

"It's only fair to the retail sector that GST integrity comes ahead of any consideration of broadening the GST base or increasing the rate".

Mr Nardi also highlighted the importance of the retail sector's perspective and contribution on ongoing tax reform.

"Our sector is an engine room of tax generation when it comes to existing taxes such GST, land tax and payroll tax," he said.

"As a consumer facing sector, we are cautious about over-simplified tax reform options, and are keen to ensure our sector doesn't get hit even harder."

*Research by the NRA has uncovered a range of tricks being used by overseas retailers to unfairly avoid paying GST and other import taxes and charges. These include providing false receipts to buyers, shipping products worth more than \$1000 in multiple packages, or falsely declaring purchases as gifts.*

**[ENDS]**

*The NRA is Australia's largest and most diverse retail industry organisation, and has been representing the interests of the retail, fast food and broader service sector for almost 100 years.*

*The SCCA is the national industry advocacy group for Australia's major shopping centre owners and managers.*

**Contact:**

**Trevor Evans, NRA – (07) 3240 0163**

**Angus Nardi, SCCA – 0408 079 184**