

SHOP TALK

ISSUES AND NEWS AFFECTING THE AUSTRALIAN SHOPPING CENTRE INDUSTRY

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GST LEGISLATION FOR IMPORTED GOODS LIKELY TO BE DEFERRED FOR 12-MONTHS

Last Friday, the Senate Economics Legislation Committee held a public hearing on the *Treasury Laws Amendment (GST Low Value Goods) Bill 2017*, which seeks to apply the GST to 'low value' imported goods (currently, goods less than \$1,000 fall below the 'Low Value Threshold' and do not attract GST) ([Shop Talk 21/4/17](#)). This included evidence from online platform companies like eBay, Alibaba and Amazon, who are deemed as being liable to collect and remit the GST for relevant transactions to the Australian Tax Office (ATO). While the Committee isn't due to report until 9 May, it has since been publicly reported that the Chair of the Committee, Government (Liberal) Senator Jane Hume, has been convinced that the introduction of the legislation needs to be delayed from the proposed 1 July 2017 commencement date. Senator Hume has been publicly reported as saying: "Look, the model that's been proposed was announced in August 2015. However, it's quite understandable that those companies to whom it applies wouldn't be prepared or have made the necessary changes until after the legislation was actually passed...I think a delay in implementation is probably a good compromise solution". This reference is likely the 'in-principle' agreement made on 21 August 2015 by Australia's Treasurers, that a vendor collection model would be pursued ([Shop Talk 27/8/15](#)). The then Federal Treasurer Joe Hockey stated at the time: "At the meeting the Commonwealth Treasurer put forward a proposal that relies on a vendor registration model as a method of collecting the GST for the states and territories". The details of this approach were clearly outlined in the draft legislation exhibited publicly late last year. No time limit has been provided, and this will possibly be in the Committee's report, however Labor has called for a 12-month delay to the legislation. Given the legislation was flagged as a key measure under the 2016-17 Federal Budget, which was estimated to raise \$70 million in revenue in 2017-18, it stands to reason that any delay will continue this tax loophole, despite widespread agreement that it needs to be addressed.

NSW FIRE AND EMERGENCY LEVY RATES FINALLY RELEASED: CONTRIBUTIONS TO INCREASE

The NSW Government has today [published](#) the ad valorem rates for the new property-based Fire and Emergency Services Levy, which commences on 1 July 2017 ([Shop Talk 7/04/17](#)). This new levy, which will be applied to statutory land valuations and issued through local council rates, will replace the current insurance-based levy. This follows a similar transition in Victoria, which commenced on 1 July 2013 ([Shop Talk, 2/5/13](#)). Unfortunately, similar to the Victorian experience, shopping centre owners (and their retailers) are going to be slugged with increases. At face value, our modelling suggests a four-fold increase. Even when considering issues such as retailer contributions through their insurance, and the replacement of the loss of stamp duty revenue, the increases will still be, in our view, substantial. The timing of today's publishing of the new rates is also sub-optimal, as it may affect shopping centre companies who are preparing or finalising their operating budgets, and retailer outgoings, for 2017-18. The legislation under which today's rates were published prescribes that the Treasurer must determine the ad valorem rates 'before the commencement of each financial year for the next financial year', and must be published to 30 April each year. We will be pushing for an earlier date next year. Once again, despite rhetoric about keeping taxes 'low' or 'fair', it is disappointing that shopping centres and their retailers - many of them 'small businesses' - are being flogged. Our analysis highlights a clear trend that taxes - and in particular local council rates - continue to grow far in excess of statutory valuations and other measures.

ACCC INQUIRY INTO RETAIL ELECTRICITY PRICES; DIRECTED BY THE TREASURER

The Australian Competition and Consumer Commission (ACCC) has been directed by the Federal Treasurer, Scott Morrison MP, to undertake an inquiry into 'the supply of retail electricity and the competitiveness of retail electricity prices'. We understand the ACCC may release a Consultation Paper by mid-year, with a preliminary report due to 27 September 2017 and final report due by 30 June 2018.