



2 July 2018

GST on low-value imported goods
C/- Deputy Commissioner Policy and Strategy
Inland Revenue Department
PO Box 2198
WELLINGTON 6140

Dear Cath

GST ON LOW-VALUE IMPORTED GOODS: AN OFFSHORE SUPPLIER REGISTRATION SYSTEM

The Corporate Taxpayers Group ("the Group") is writing to provide comment on the discussion document "*GST on low-value imported goods: An offshore supplier registration system*" ("the discussion document").

Our submission

Overall the Group is supportive of the changes proposed in the discussion document, subject to the changes made being practical and workable for those impacted. The proposals will act to protect New Zealand's tax base and align New Zealand's position on this issue with where other jurisdictions around the world are heading. Introduction of GST on low-value imported goods should remove some of the unfairness in relation to the competitiveness of domestic suppliers versus suppliers who provide imported goods into New Zealand.

Alignment with Australia

The Group submits that consideration should be given to closer alignment of the New Zealand rules with the Australian rules. This will simplify matters for non-residents and may result in a greater level of understanding and compliance with the rules. In particular, consideration should be given to having a low value goods threshold of \$1,000. The Group does not consider there would be much fiscal risk from an increased threshold as it is understood that historically only a very small portion of imported goods fall within the \$400-\$1000 range. Having a higher threshold will also reduce pressures on NZ Customs and New Zealand Post with stopping goods at the border for further processing.

Re-deliverer delivery costs

The Group submits that it should be clarified that re-deliverers should only be collecting and returning GST on the goods that they are "redelivering" and that any delivery costs charged by the re-deliverer continue to be zero-rated.

Contact the CTG:

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We note the views in this document are a reflection of the views of the Corporate Taxpayers Group and do not necessarily reflect the views of individual members.



The re-deliverer's service is a distinct service from the good that is being supplied and is a separate supply on which the GST treatment should be considered separately. This is consistent with *IS 17/03: Goods and Services Tax – Single supply or multiple supplies*, under which consumers would view the supply of redelivery services provided by re-deliverers as a separate service from the goods that are purchased from another store.

To consider the appropriate GST treatment to this separate supply, the Group does not support GST being charged on redelivery charges as these represent a supply of services that is being undertaken outside of New Zealand (a supply of services made offshore). It would not be appropriate to effectively raise the price of redelivery services by imposing GST on redelivery, as there is no taxing point for New Zealand (given there is no consumption in New Zealand of this service by the New Zealand customer).

For example take the situation where:

- A customer in New Zealand purchases a book from a store in America that doesn't ship to New Zealand.
- The New Zealand customer arranges for this item to be sent to a re-deliverer's US address, to then be shipped to New Zealand by the re-deliverer.
- The initial cost of the book is paid by the consumer direct to the American store, while a re-delivery charge is imposed by the re-deliverer (which the New Zealand consumer must pay before their book is released).

In line with the discussion document proposal, the re-deliverer should now pick up the value of the goods to be redelivered to New Zealand and charge and return GST on this amount. It should be clarified that in this situation, no GST should be applied to the re-delivery charge imposed by the re-deliverer as this is a supply of services made offshore.

For your information, the members of the Corporate Taxpayers Group are:

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|---|---|
| 1. Air New Zealand Limited | 22. New Zealand Racing Board |
| 2. Airways Corporation of New Zealand | 23. New Zealand Steel Limited |
| 3. AMP Life Limited | 24. New Zealand Superannuation Fund |
| 4. ANZ Bank New Zealand Limited | 25. NZME Limited |
| 5. ASB Bank Limited | 26. Pacific Aluminium (New Zealand) Limited |
| 6. Auckland International Airport Limited | 27. Powerco Limited |
| 7. Bank of New Zealand | 28. Shell New Zealand (2011) Limited |
| 8. Chorus Limited | 29. SKYCITY Entertainment Group Limited |
| 9. Contact Energy Limited | 30. Sky Network Television Limited |
| 10. Downer New Zealand Limited | 31. Spark New Zealand Limited |
| 11. First Gas Limited | 32. Summerset Group Holdings Limited |
| 12. Fisher & Paykel Healthcare Limited | 33. Suncorp New Zealand |
| 13. Fletcher Building Limited | 34. T & G Global Limited |
| 14. Fonterra Cooperative Group Limited | 35. The Todd Corporation Limited |
| 15. Genesis Energy Limited | 36. Vodafone New Zealand Limited |
| 16. IAG New Zealand Limited | 37. Watercare Services Limited |
| 17. Infratil Limited | 38. Westpac New Zealand Limited |
| 18. Kiwibank Limited | 39. WSP Opus |
| 19. Lion Pty Limited | 40. Z Energy Limited |
| 20. Meridian Energy Limited | 41. ZESPRI International Limited |
| 21. Methanex New Zealand Limited | |



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Yours sincerely

John Payne
For the Corporate Taxpayers Group

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