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**From:** §9(2)(a)  
**Sent:** Thursday, 5 July 2018 2:45 a.m.  
**To:** Chris Gillion; §9(2)(a)  
**Cc:** §9(2)(a)  
**Subject:** Re: Last call for BIAC members written input by Friday July 6th - on New Zealand consultation regarding the proposal for an offshore supplier registration system for GST on low value imported goods

Dear All,

I apologise that due to illness I have not been on earlier calls and have not contributed to the discussions to date.

However, I have some general observations which may be of benefit.

There are so many ways that low value goods can be sold, including via market places, directly, via third parties, under agency agreements etc etc that it would be very difficult to lay down strictly defined rules for how GST must be accounted for in each situation. The document discusses differing possibilities for compliance, and there will be many more in practice including issues arising for mixed and multiple supplies and possible different rates of GST..

Company structures and supply chains will also be constantly changing as technology develops and new issues arise, and any legislation should be future proofed as far as possible. .

This will also be further complicated as the status of suppliers and customers will change and any system will have to allow for such changes in residency, domestic/foreign suppliers, with all the attendant issues in respect of establishment, PE, B to B and B to C etc.

There will also be the very practical issue of returns, credit notes, discounts etc which will also have related GST considerations and any system must allow for.

It might be preferable that the scope of the market place rules are drafted in such a way that the general principles are clearly set out as to who is responsible for the collection and payment of the tax.

The direction of travel is clearly for the EMP to be responsible, which makes sense for all parties and should account for the vast majority of values.

These rules would be drafted broadly in reach and some really good guidance can be found in the International VAT/GST Guidelines where NZ was a very active participant and much of the language can be reused in your deliberations.

Guidance notes can be prepared setting out some of the considerations that can apply, which should give the right answer depending on the precise circumstances .

This would include double taxation situations , and valuation methods.

To try to pin down precise % , or any other prescriptive methods would lead to difficulties , certainly in practice for both businesses and National tax Jurisdictions.

I think that less is more at this stage and try to keep things simple ....which is the difficult bit.

I hope that this is helpful.  
With Regards,

Mike Molony.

this case, the EMP Operator being responsible for the collection of the tax is clearly the direction of travel, as this must make more sense for both the Government and for businesses.

I think that less is more at this stage

Mike Molony  
Director - International VAT Consultant  
**Meridian Global Services**  
8th Floor East  
Westworld, West Gate  
London W5 1DT  
United Kingdom

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t: s9(2)(a)  
m: s9(2)(a)  
e: s9(2)(a)  
w: [www.meridianglobalservices.com](http://www.meridianglobalservices.com)

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From: s9(2)(a)  
To:  
Cc: s9(2)(a)  
Date: 03/07/2018 14:48  
Subject: Last call for BIAC members written input by Friday July 6th - on New Zealand consultation regarding the proposal for an offshore supplier registration system for GST on low value imported goods  
Sent by: s9(2)(a)

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To: Business Members to the OECD Technical Advisory Group on VAT/GST

Dear Colleagues,

Thanks so much again to those of you who joined the two BIAC calls yesterday to provide oral input on the New Zealand proposal for an offshore supplier registration system for GST on low-value imported goods, as well as those of you who have already given direct written input to our New Zealand colleagues.

In case you did not have time to join the calls or to provide written input, there is still a time window until the end of this week (Friday July 6<sup>th</sup>) to provide written input.

We have attached the relevant consultation documents again in this e-mail for your convenience.

The first consultation document deals with the scope of market place rules, double taxation issues and valuation methods for the proposed \$400 threshold.

The colleagues from New Zealand Inland Revenue are mainly seeking feedback on the below 3 points which they also mentioned in their memorandum:

1. How to define an electronic marketplace for the purposes of an offshore supplier registration model, if we propose to deem electronic marketplaces the suppliers who must collect the tax.
2. How to minimise the potential for double or non-taxation where low-value goods are transported with higher value goods and how to deal with refunds.
3. What is the appropriate value to apply the tax: the custom's value or the price paid by the consumer.

In addition, we received another consultation document this morning from the New Zealand colleagues (which you will also find attached) focusing on approaches to the marketplace rules. Any input to this document is also highly appreciated. We would like to kindly encourage you to share your written input directly with the following colleagues from New Zealand Inland Revenue:

Chris Gillion s9(2)(a)

s9(2)(a)

In case you have any follow up questions to the consultation, please feel free to contact the above mentioned colleagues directly.

Thanks so much again as always for your great support.

All the very best,

s9(2)(a)

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