



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

GST on Low-Value Imported Goods: Application Date

Portfolios **Finance / Revenue / Customs**

On 12 June 2019, the Cabinet Economic Development Committee:

- 1 **noted** that:
 - 1.1 on 24 September 2018, Cabinet agreed to implement an offshore supplier registration system for collecting GST on imported goods valued at or below \$1,000, and to change the *de minimis* to \$1,000 based on the value of the consignment once the system is implemented (the proposed system) [CAB-18-MIN-0466.01];
 - 1.2 the proposed system is included in the Taxation (Annual Rates for 2019-20, GST Offshore Supplier Registration, and Remedial Matters) Bill (the Bill);
 - 1.3 the application date for the proposed system, as outlined in the Bill, is 1 October 2019;
- 2 **noted** that several submitters on the Bill, New Zealand Post, and some in the fast freight industry have expressed concern that it may be difficult to implement the necessary system changes to comply with the proposed system by 1 October 2019;
- 3 **noted** that in response to submissions, the Bill as reported back by the Finance and Expenditure Committee delays the application date for the proposed system by two months to 1 December 2019;
- 4 **agreed** to the proposed 1 December 2019 application date of the proposed system;
- 5 **noted** that if the application date of the GST on low-value imported goods changes is delayed to 1 December 2019, the following will also come into force on 1 December 2019:
 - 5.1 the Customs and Excise Amendment Regulations (No 2) 2019 (relating to the thresholds for collecting duty and the Import Entry Transaction Fee);
 - 5.2 any required changes to the Biosecurity (System Entry Levy) Order 2019;

Fiscal implications

- 6 **noted** the following changes as a result of the decision in paragraph 4 above, with a corresponding impact on the operating balance:

Vote Revenue Minister of Revenue	\$m – increase/(decrease)				
	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Tax Revenue: GST (1 October 2019 application date)	-	66.000	100.000	112.000	126.000
Tax Revenue: GST (1 December 2019 application)	-	52.000	100.000	112.000	126.000
Difference	-	(14.000)	-	-	-

- 7 **agreed** to reduce the 2019/20 amount in the tagged contingency *Impact of GST on Low Value Goods Policy on Operational Funding Requirements* in Vote Agriculture, Biosecurity, Fisheries and Food Safety by \$1.998 million to \$6.993 million;
- 8 **agreed** to reduce the 2019/20 amount in the tagged contingency *Funding to Continue Protecting New Zealand from Imported Threats* in Vote Customs by \$2.336 million to \$6.886 million;
- 9 **agreed** that the net fiscal cost of paragraphs 6-8 above of \$9.666 million be charged against the between-Budget contingency established as part of Budget 2019.

Janine Harvey
Committee Secretary

Present:

Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Dr Megan Woods
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Shane Jones
Hon Kris Faafoi
Hon Willie Jackson
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Finance
Minister of Revenue
Minister of Customs