

Tax Working Group Public Submissions Information Release

Release Document

September 2018

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;
- [2] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Collection of GST on Goods Purchased Online

The Conference of Asia Pacific Express Carriers (Australia) Limited (“CAPEC”) is an industry association representing the interests of the world’s leading integrated air express parcel delivery companies. Its members are DHL, FedEx, TNT and UPS. CAPEC members provide daily services of time sensitive shipments to thousands of businesses of all sizes in all sectors of the New Zealand economy, as well as to the many individual consumers whose choices have been widened as a result the development of ecommerce. An efficient flow of goods is crucial to our local economy and for maintaining and growing New Zealand’s international competitiveness.

CAPEC is not belligerently opposed to changes in lowering the threshold for duties and taxes. CAPEC has consistently held the view that any changes to the collection of taxes for low value goods should be underpinned by the following Guiding Principles:

- Effective and efficient collection of revenue;
- Competitive neutrality (between air cargo and post);
- Consistent application of border clearance and taxation arrangements;
- Recognition of CAPEC’s unique and essential role as a provider of time definite delivery services.
- Ongoing and meaningful consultation with Government

If GST was to be charged at the NZ border using the current collection method we will see the following impact:

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- The staffing costs would increase significantly and costs would need to be passed onto the importer.
- Consumers are likely to abandon goods due to the high fees which may outweigh the cost of purchase. CAPEC members carry all the risk for the resulting increase in bad debts. Shipments will need to be stored on site as CAPEC will need to collect payments prior to delivery.
- CAPEC is concerned about the lack of warehousing space available because current facilities are not adequate. Currently 10% of shipments are held at the border. The amount of shipments held at the border will increase by 90% if GST/Duties were to be collected at destination.
- Consumers will have estimated delays up to 10 days which undermines the express industry.

CAPEC believe that the only equitable, timely and cost effective methodology that can collect GST from Low Value Goods is through collecting the GST for under \$400 value goods directly at point of sale at origin. This methodology can be implemented without the need to delay the movement of goods through the border process.

We understand the position taken by Government on the current inequities of GST collection between low value on shore and off shore purchases. We also believe that the consumer should be able to access the benefits of a truly global market place. With this in mind we firmly hold the position that the collection of tax must be done in a way that the cost of collection does not outweigh the amount collected, done with minimal disruption and furthermore the consumer should not have to take on additional collection transaction costs over and above that of the tax itself.

Based on the above CAPEC strongly supports the offshore collection of GST and endorses the model and approach that Australia has taken. CAPEC would like representation and consultation in relation to any potential changes to the LVG threshold and any changes to the current collection at the border for tax & duty.

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Kind Regards,

Matt Rossiter

On behalf of
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CAPEC represents New Zealand's four major express carriers - DHL Express, TNT, Federal Express, UPS.

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