



CCIQ SUBMISSION

Collection Models for GST on Low Value Imported Goods

▾ Productivity Commission

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND

30 August 2017

Overview

1. The Chamber of Commerce and Industry Queensland (CCIQ) makes this submission in response to the Collection Models for GST on Low Value Imported Goods review by the Productivity Commission.
2. CCIQ is Queensland's peak industry representative organisation for small and medium businesses. We represent over 414,000 small businesses on local, state, and federal issues that matter to them. Our guiding focus is to develop and advocate policies that are in the best interests of Queensland businesses, the Queensland economy, and the Queensland community.
3. Consultation with members and businesses in the retail industry identified many businesses which viewed the overseas online competition as a major threat and was 'killing profitability'. This competition was directly affecting the ongoing viability of many businesses in the retail sector.
4. CCIQ supports the legislation introduced to impose GST on low value imported goods (under \$1000) from 1 July 2018. This new legislation removes an unfair competitive advantage enjoyed by overseas retailers and will help assist local retail businesses.

The legislated model

5. CCIQ notes the goal of any collection model is to collect the maximum volume of tax revenue at the most efficient cost, with minimal disruption to consumers and businesses.
6. The legislated vendor collection model requires the voluntary registration of large vendors (turnover exceeding \$75,000) and electronic distribution platforms (EDPs) to collect GST on imported goods with a value below \$1000.
7. The proposed vendor collection model offers some advantages in that compliance costs for consumers and Australian businesses should be minimal. Online user experience should be mostly unchanged and goods will not be held up at Customs.
8. However, CCIQ expresses its concern that enforcement could prove to be difficult and result in underwhelming compliance levels. A lack of compliance would see international retailers continue to enjoy competitive advantages over domestic businesses.
9. CCIQ believes the vendor collection model could be augmented to include elements of the border collection model. The threat of goods being held up at customs and the delay of delivery could provide the necessary incentives to ensure higher levels of registration for vendors to collect GST.
10. CCIQ is prepared to work with government to provide educative and practical resources to help inform small business owners of any changes to legislation and regulatory requirements.
11. If you wish to discuss this submission further please contact CCIQ Economist, Steven Gosarevski on sgosarevski@cciq.com.au.