

Tuesday 28 July 2015

Statement by Alex Malley, Chief Executive of CPA Australia

GST threshold for goods purchased from overseas

While lowering the GST-free threshold for goods purchased from overseas is a good policy worth pursuing, the complexities of actually making it happen are starting to sink in.

Australia's \$1,000 threshold is out of step with much lower thresholds in other countries and puts Australian retailers at a significant competitive disadvantage with obvious consequences for Australian jobs.

The problem that is holding us back from lowering, or even removing the threshold is the massive administrative costs it would create.

We shouldn't disregard the work of the Productivity Commission which found in 2011 that removing the threshold would generate revenue of around \$600 million at a cost of well over \$2 billion.

It's dealing with this administrative burden and designing cost-effective collection processes which is occupying the minds of policy makers.

Part of the discussion will involve the big international suppliers having to register for GST as though they were an Australian resident, a process that could be made to work with the assistance of the G20.

Dealing with the G-20 has its own complexities and is far from a 'done deal'.

Even assuming we can get large retailers such as Amazon to apply the GST to Australian purchases, there is a significant number of small online retailers around the world that have to be dealt with.

So while you may be able to address the global elephants, like Amazon, the risk is that we get overtaken by the millions of mice following along.

Of course another option for dealing with the administrative costs is to apply a new processing levy to cover those costs which would enable the government to collect the additional GST revenue. With a very strong anti-red tape agenda, it's hard to see the Government going ahead with a new processing tax.

It's great that the premiers, chief ministers and the Prime Minister through COAG are getting behind this move but as always, the devil is in the detail and the process demands ongoing attention.

-ENDS

Contact: Bryce Prosser on 0416 968 444 or Bryce.Prosser@cpaaustralia.com.au