



Friday, 2 December 2016

Manager
Indirect Taxes and Not-for-Profit Unit
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Also by Email: lowvaluegoods@treasury.gov.au

Applying GST to Low Value Goods Imported by Consumers

Dear Sir/Madam,

The American Chamber of Commerce in Australia - more informally known as AmCham - is writing in response to the request for submissions by the Treasury on 4 November 2016, with respect to the exposure draft legislation and explanatory material that would amend the goods and services tax (GST) law to give effect to the 2016-17 Budget decision to apply GST to low value goods imported by consumers

In effect, the Draft Legislation will require foreign vendors, electronic distribution platforms and goods forwarders, with turnover above \$75,000, to account for GST on sales of low value goods to consumers in Australia. AmCham respectfully raises its voice in opposition to this proposed legislation.

As background, AmCham was founded in 1961 by Australian and American businesses as a non-profit organization to encourage the two-way flow of trade and investment between Australia and the United States, and to assist its members in furthering business contacts with other nations. In pursuing this goal, AmCham has grown and diversified. It finds itself not only representing the United States' business views, but also speaking increasingly for a broad range of members involved in the Australian business community.

**The American Chamber of
Commerce in Australia**

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AmCham represents the interests of American companies undertaking business activity in Australia. American investment accounts for 27 per cent of all foreign investment in Australia which makes it, by far, the single largest foreign investor in Australia. We also have a significant level of membership of Australian companies and endeavour to represent their interests equally.

The time given for consultation by our members of this legislation and for the preparation of submissions was somewhat inadequate, so we suggest that additional time be provided for affected stakeholders both to consider the legislation and to make more considered suggestions relative to it. That said, in response to this request for submissions, we offer the following preliminary thoughts:

- Our members view the proposed law as anti-consumer and anti-free trade in nature, and as not being consistent with the Government's innovation agenda.
- It misunderstands the fundamental nature of the digital economy and eCommerce.
- It would be unprecedented in its scope, and it could open the way for other jurisdictions to follow suit, subjecting Australian businesses to reciprocal domestic taxes in foreign markets.
- Some foreign businesses may be forced to reconsider doing business in Australia, thereby impacting competition and consumer choice.
- The costs of implementing and policing such an initiative are likely to be higher than the actual revenues raised.

It is interesting to note that this proposed lowering of the threshold for the collection of GST on e-imports into Australia runs exactly counter to the trend in other major trading partner jurisdictions, e.g. the United States, where the threshold for duty collection on imports is being raised. We recommend that the treasury fully explore and understand why these trading partners are reaching the opposite conclusion on the same issue.

- Such a law is impractical as there is little way to ensure the monies paid are voluntarily remitted to the Australian Taxation Office.
- The proposed legislation fails to consider:
 - How it will be enforced against those based in foreign jurisdictions
 - How the GST will be collected
 - Who ultimately will be liable for GST - will the consumer be taxed by the vendor, electronic distributor and goods forwarder
 - How it expects businesses to implement systems by 1 July 2017
 - How overseas vendors would register and report under the proposed model.

Thank you for your consideration, and for this opportunity to submit AmCham's views on Applying GST to Low Value Goods Imported by Consumers. We welcome any queries you may have regarding our submission and any opportunities to further engage in the consultation process.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Niels Marquardt', with a long, sweeping flourish extending to the right.

Niels Marquardt
Chief Executive Officer