



Collection Models for GST on Low Value Imported Goods
Productivity Commission

Tuesday 29 August 2017

To whom it may concern,

The Australian Sporting Goods Association Incorporated (ASGA) welcomes the opportunity to make a submission to the Productivity Commission's inquiry into collection models for the GST on low value imported goods.

ASGA has been at the forefront of this debate and we don't intend on re-hashing the arguments we've made over the last seven years (including to the Productivity Commission) in this submission. We have attached our last submission on this issue and encourage the Commission to refer to it as required.

The Australian Sporting Goods Association Incorporated (ASGA) was formed in 1981 as the national industry association representing a broad spectrum of sporting goods and active lifestyle industry participants, including manufacturers, brands, distributors and retailers.

ASGA is a leading industry voice on issues impacting the health, trade, regulation and taxation of the sporting and active lifestyle goods industries. ASGA aims to foster market growth, provide services and advocate for increased participation in sport and physical activity.

ASGA and our members support the 'vendor registration model' that has been introduced and is scheduled to begin on 1 July 2018.

The 'vendor registration model' has significant advantages over other possible schemes. However, as noted in previous submissions, we have concerns about the new laws, specifically about the implementation and enforcement of the legislation.

Our main concern is about enforcement, and for that reason we are supportive of a 'hybrid model', that keeps the 'vendor registration model' as its base, but introduces other elements to ensure the widest possible application of the changes to the legislation.

We are also mindful that any changes to the model should have as little impact on consumers as possible. We believe the 'vendor registration model' has the least impact on Australian consumers.

Realistically, it seems the Commission and most stakeholders agree that either (or possibly both) the 'border model' and the 'transporter intermediary model' are best placed to act in concert with the 'vendor registration model' as a hybrid system of GST collection on low value goods.

We note the Parcel Processing Taskforce's (2012) preferred hybrid model is essentially the 'transporter intermediary model' acting in conjunction with the 'vendor registration model' (with the transporters assuming most of the responsibility for collection).

We agree with the Commission that, on its own, the 'border model' is not a "suitable alternative to the legislated model."

As noted in our attached submission:

“A mix of both the vendor registration model and a border-control model may be effective in enforcing the legislation. Where an overseas retailer does register for GST, they would then go on a list that is given to Customs and Australia Post. Goods from those suppliers would be earmarked as having paid GST and so would not be stopped at the border. However, an overseas retailer that has not registered for GST (and who therefore hasn’t charged GST at the point-of-transaction) doesn’t go on that list. Therefore, their goods will be stopped at the border and Customs (or Australia Post) will require the consumer to pay the GST when they pick up those low value goods.

Assuming most overseas retailers (and the largest overseas retailers) abide by the legislation, the ‘overflow’ of low value goods that have not had GST charged on them should be relatively low, and will therefore not pose an unacceptable administrative burden on Customs.”

While we believe the ‘border model’ is best placed to act as the extra enforcement mechanism to the ‘vendor registration model’, we are not opposed to the idea that transporters are also involved in some way, or even take the place of the ‘border model’.

ASGA is opposed to any attempt by EDPs to shirk their responsibility for collecting the GST under the current legislation. In our view, any changes to the legislation to make the system more efficient should not remove EDPs from the vendor registration requirements.

This reform is a long time coming and has been unnecessarily delayed for another year. While we support efforts to make the legislation more efficient, we are adamantly opposed to any further delays.

Our members thank the Productivity Commission for the opportunity to be involved in this review and we would be pleased to discuss this submission further, at your convenience.

Kind regards,

Shannon Walker
Executive Director
Australian Sporting Goods Association Inc.