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Placing GST on online purchases is a tax increase which will place Australian consumers at risk

“The government’s plan to impose GST on goods purchased from foreign online retailers is a tax increase and should be rejected by the parliament”, said Dr Chris Berg.

Dr Berg and Professor Sinclair Davidson, RMIT economists and senior fellows at the free market think tank the Institute of Public Affairs, will appear this morning before the Senate Economics Legislation Committee in Melbourne to urge parliament to reject the Treasury Laws Amendment (GST Low Value Goods) Bill 2017.

“The government says it intends to close a loophole in the existing GST tax design and promote fairness for Australian retailers. However, this legislation does no such thing. Instead, it seeks to introduce an untried, complex, and unwieldy new tax on foreign retailers over whom the Australian government has no jurisdiction.

“What the government actually proposes is a tax on international online transactions that involve Australians. This is akin to a tariff and goes against the Turnbull government’s professed interest in free trade,” said Dr Berg.

Professor Sinclair Davidson said, “This tax will have perverse effects that the government has not thought through. It is likely to reduce competition in the domestic market as foreign sellers withdraw their services rather than pay this new tax.”

“Our research suggests the tax is unenforceable, will push Australian consumers on to more dangerous online marketplaces, and may encourage fraud. In the interests of both consumers and Australian businesses, this new tax should not be introduced,” said Professor Davidson.

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