

Black, Belinda

From: Sean Cary [sean.cary@asga.com.au]
Sent: Friday, 4 September 2009 12:52 PM
To: Tax Board
Subject: XBGST/03 - Australian Sporting Goods Association - Review of the Application of GST to Cross-Border Transactions.

4th September 2009

The Board of Taxation
C/- The Treasury
Langton Crescent
CANBERRA ACT 2600

RE: Review of the Application of GST to Cross-Border Transactions.

The Australian Sporting Goods Association (ASGA) is the peak body representing the sporting goods retailer, suppliers and manufacturers.

The Australian sporting goods industry is a very competitive industry and is supportive of the principle of free competition. However several ASGA members have brought to my attention the fact that there are serious issues with respect to personal imports regarding GST, duty and other issues such that there is not fair competition and there is a negative impact on Australian businesses.

Personal Imports and Tax/Duty

Personal shoppers purchasing goods from overseas via the Internet or through magazines are able to bring a product into Australia without paying GST, import fees, or custom duties at the point of entry. Traditionally these products are door to door, and as a result, there are minimal freight charges.

When a business imports, Customs hold the goods and require the importer to produce:

1. import entry documentation, and
2. payment of GST and any duty required.

The Australian importer/distributor therefore encounters costs additional to those of the personal shopper for the same product.

I am sure that you would appreciate the difference is considerable. It seems inequitable that the government will in the first instance forego taxes and duties for the personal shopper and yet imposes taxes and charges on legitimate Australian businesses for the same activity.

This situation clearly presents legitimate Australian importers and distributors with a very un-level playing field.

In 2005 the ATO estimated that the federal government would forego \$8 million in GST revenue in 2008-2009 in relation to changes being considered (and since implemented). Given that Australia Post has reported that they received 93 million more parcels from overseas in 2008 than in 2007 this ATO estimate seems a vast underestimate.

ASGA members are reporting that there has been an impact on their legitimate businesses. These same legitimate Australian businesses are meeting their obligations for tax, compliance with standards and the Trade Practices Act.

7/09/2009

We are sure that the Australian government did not intend the above be the case. Clearly ASGA is very concerned and the legitimate concerns of our members should be addressed.

We believe it is vital that a Business Impact Assessment across all affected industries be made given the impact on Australian businesses.

Yours sincerely

Sean Cary

Executive Director

Australian Sporting Goods Association (ASGA)

Dir: +61 3 9263 5394

Fax: +61 3 9263 5294

Mob: +61 (0) 412 365 883

Web:

