To whom it may concern,

We the undersigned, representing millions of taxpayers across the world, urge the Australian Government to reject the lowering of the Goods and Service Tax (GST) free threshold on imported goods and imposition of GST collection on Online Marketplace Service providers as per the *Treasury Laws Amendment (GST Low Value Goods) Bill 2017*. The legislation will seriously damage Australia’s international standing and the Australian economy. This legislation is nothing more than a thinly veiled attempt to tax the Internet.

As representatives of international non-partisan think tanks and advocacy groups as well as policy experts, we have severe concerns about the legislation due to be implemented on the 1st July 2017. There will be serious ramifications for international trade and the legislation will give rise to dangerous, unreliable alternative websites that scam consumers.

Instead of looking for new ways to tax businesses and consumers, the Australian parliament should look for ways to reduce chronic overspending instead of looking for new taxing levers.

In addition to being fiscally irresponsible, the proposed changes go against long-term trends in international trade. In stark contrast to Australia, other countries are trending towards fewer trade barriers. In 2016, the United States increased the de minimis value for duties on imported goods from USD$200 to USD$800.

Imposing GST on all imported goods will be damaging to many Australian businesses exporting to other countries and damage trade relations between Australia and other nations. Complaints of the unfairness of international competition will only create a political environment in these other nations that will pressure them to respond in kind.

In turn, these countries will co-opt the very arguments Australia used. And, other countries will invariably move to ensure that the costs borne by their domestic businesses be offset by goods coming into their countries from Australian suppliers. The rhetoric about tax equalisation and protecting local businesses will also spill over into other aspects of trade such as trade deals or international agreements. This will hurt Australian manufacturers and exporters. Both consumers and businesses in Australia and abroad will lose out.

We are also alarmed that the obligation for enforcing the lowered threshold will fall upon marketplace providers. For large online marketplace providers like eBay, Alibaba, ETSY and Amazon Marketplace, which each deal with millions of sales internationally per day, and do not hold the goods in question, collecting GST is not feasible and there is significant evidence that they shall not be able to meet the compliance burdens by July 1. Some reputable providers will likely take actions to avoid being uncompliant meaning they may cease operations in Australia. Millions of Australian users will not be able to use these marketplaces at all. That would be devastating for revenue and consumer choice. In addition, any attempt to collect GST by marketplace providers will impose significant costs on these service providers who continue servicing the Australian market and drive up their service costs. It is noted that the European Union’s Digital Single Market package to modernise VAT for cross border e-Commerce due to come into effect in 2021 will not compel online marketplaces to collect VAT.
This legislation will also make more dangerous, unreliable sites enticing to sellers and consumers as an alternative. There won’t be any meaningful way to enforce compliance against these types of black-market sites. These sites are likely to lack many of the consumer protections that are found in the main online marketplaces. For example, there will be no payment protections, no ability to ensure enforcement of local consumer laws, and more chances of consumers being scammed.

It should be clear that this legislation will have significant harms to consumers, business and the economy and only benefits the black-market services. As such, we strongly urge the Government to not proceed with this legislation.

Yours Sincerely,

Tim Andrews
Executive Director
Australian Taxpayers’ Alliance

Rory Bromfield
Director
The Freedom Association (UK)

Troy Lanigan
Chairman
Canadian Taxpayers’ Federation

Lorenzo Montenari
Executive Director
Property Rights Alliance

Grover Norquist
President
Americans For Tax Reform

Rocio Guijarro Saucedo
Gerente General
CEDICE Libertad (Venezuela)

Ahmed Suliman
Chairman
Australia & New Zealand Students For Liberty

Jordan Williams
Executive Director
New Zealand Taxpayers Union

Cristina Berechett
General Manager
Spanish Taxpayers Union

Jessica Melugin
Adjunct Fellow
Competitive Enterprise Institute

Satyajeet Marar
Director
MyChoice Australia

Lisa B. Nelson
Chief Executive Officer
The Jeffersonian Project (US)

John O’Connell
Chief Executive
The Taxpayers’ Alliance (UK)

Norm Singleton
President
Campaign For Liberty (US)

David Williams
President
Taxpayers Protection Alliance (US)

Maryan Zablotskyy
President
Ukrainian Economic Freedoms Foundation