



THE GOVERNMENT OF NORFOLK ISLAND

MEDIA RELEASE

Minister allays fears on GST and Customs changes

Minister for Finance Neville Christian was interviewed on Radio Norfolk on Friday 16th March about some issues raised by the community about the forthcoming changes to consumption taxes and customs duties. "These changes have been carefully designed to create a fairer and more effective tax system," Mr Christian said. "From 2nd April, the Financial Institutions Levy and the cold bed tax are abolished. The new Goods and Services Tax has received assent, and will take effect from the same date. It is a broadly-based consumption tax which is designed to spread the tax liability more fairly across the community, as has been done in Australia, New Zealand and many other countries".

Mr Christian said that the abolition of most customs duties had been agreed to by the Legislative Assembly, but required assent from the Commonwealth. He thanked the Office of the Administrator for agreeing to facilitate the assent process, which is well underway. Mr Christian said that fears that if there was a delay in assent, businesses might be subject both customs duty and GST, were unfounded. "Even if the reductions in customs duty have not received Commonwealth assent by 2nd April", he said "the Customs Act contains a provision for the executive member to exempt imported goods from customs duties. This section of the Act will be used if required to ensure that customs duties are not payable on goods imported for resale on and from 2nd April".

Mr Christian also highlighted some of the new provisions which will benefit local businesses. One of these fills a current legislative gap so that in future the Collector of Customs will be able to check on goods which need to be destroyed, such as spoiled foodstuffs or out of date medications. This will mean that no customs duty or GST will be payable on such goods. The Minister also said that suggestions that such goods would attract penalties or interest were misplaced. However, the new legislation provided for penalties for those seeking to improperly evade the GST by knowingly declaring imported goods in categories other than those for which they were genuinely imported.

"I can also reassure the community that goods given by businesses to charities or to public bodies, such as sporting organisations, service clubs and educational groups, will be free of both customs duty and GST", Mr Christian said. "This again improves the current situation, where business may have paid duty on goods given as prizes in raffles or as sponsorships. The new legislation recognises the value of these generous gifts by exempting them from any government taxes or charges."

The Minister said that the new revenue measures were designed to ensure that there were sufficient funds for vital public works and infrastructure replacement. To ensure that the burden was fairly shared, the legislation included enforcement provisions and penalties for

failure to submit returns or to pay amounts due. He said that he was aware of criticism of provisions which allowed for audits of the records of businesses on notice as short as one hour, but said that this provision was to ensure that those who were not playing by the rules could be brought into line without being given time to change or destroy the required records. Mr Christian said that he understood that in many other jurisdictions, no notice was given and that authorised officers could arrive unannounced and demand access to files and records on production of a relevant notice or warrant.

“I have great confidence that the business community will be supportive of the GST and will understand the importance of fair and robust administration and enforcement in the interests of all”, he said. “I have had numerous meetings with the Chamber of Commerce and individual business operators, and have received overwhelming support for the new measures. The new revenue system will be fair to all and will provide us with the funds we need to modernise and maintain our public infrastructure and to underpin economic growth in Norfolk Island”.

Neville Christian
Minister for Finance

16th March 2007