Submission in response to the Australian Government proposal to extend GST to digital products and other services imported by consumers

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ALIA contact:

Sue McKerracher, CEO, Australian Library and Information Association (ALIA),
9-11 Napier Close, Deakin ACT 2600
 t 02 6215 8215 m 0404 456 749 f 02 6282 2249
 w www.alia.org.au e sue.mckerracher@alia.org.au

1. About us

The Australian Library and Information Association is the professional organisation for the Australian library and information services sector. On behalf of our 5,000 personal and institutional members, we provide the national voice of the profession in the development, promotion and delivery of quality library and information services to the nation, through leadership, advocacy and mutual support.

2. Introduction

This paper is submitted as feedback to the Australian Government’s exposure draft Bill: Tax integrity: extending GST to digital products and other services imported by consumers.

We would like to comment on how this extension of GST could assist Australian booksellers.

3. Direct impact of the proposal on libraries

As this draft bill is about sales to consumers, not business to business transactions, it appears to have no direct impact on libraries. In any event, many libraries benefit from GST exclusions for education-related uses.

4. Level playing field for Australian booksellers

According to an American study, 20% of library users bought a book after they had borrowed it, and 47% bought a book by the same author after they’d borrowed one of their
books from the library.\footnote{http://idpf.org/sites/idpf.org/files/digital-book-conference/presentations/db2012/DB2012_Ian_Singer.pdf} Closer to home, a 2013 survey of Libraries ACT members found that 63\% of library users in Canberra who had borrowed a book in the previous two years had gone on to buy another book that was related to it.

Australian libraries and booksellers enjoy a symbiotic relationship. Both connect readers and writers, supporting Australian writers and publishers and a thriving local book industry.

While libraries have experienced budget cuts, booksellers have been under a different kind of financial pressure. They have seen their market share shrink because consumers can find cheaper books from global online retailers – both print and electronic.

In the interests of maintaining a strong Australian book industry, libraries welcome any initiative which helps level the playing field for Australian booksellers.

While not providing a full solution to the commercial challenges facing booksellers, the introduction of GST on ebooks and other electronic media sold to consumers by offshore companies has the potential to assist with this objective and so has our support.

5. In summary

In support of the Australian book industry, the Australian Library and Information Association welcomes the extension of GST to ebooks and related digital products for consumers. However, we would have concerns if any future amendment were to propose an extension to businesses.