

Battle of the box heats up over online imports

John Kehoe and John Stensholt

A young entrepreneur who has built a multimillion-dollar business selling television sets online has accused retail stalwart Gerry Harvey of trying on a "hoax" to pressure the government into taxing cheap imports bought from offshore websites.

Ruslan Kogan, 28, who was included in this year's *BRW* Young Rich list with wealth of \$29 million, said there was as much chance of Harvey Norman joining Myer in setting up a China-based website so the retailer could stop charging GST as there was of Australia winning the Ashes.

But Mr Harvey, a horse-racing enthusiast who owns a stud, told *The Australian Financial Review* last



night the odds were "100 to one on [invest \$100 to win \$1] to do it" and it was "too good an opportunity to pass up".

He said the retailer would take

advantage of tax laws that exempted imports under \$1000 from the GST.

"If everyone else is doing it, why wouldn't we? We can evade the duty and GST just like anyone else," Mr Harvey said.

"If all the retailers do it, this is catastrophic and the way things are going you're going to have retailers putting staff off before Christmas."

Earlier yesterday, Mr Kogan said Harvey Norman would never open an online store selling direct from China. "The freight cost from China cancels out any GST saving on Harvey Norman products," he said.

"They are trying to stir up popular unrest by threatening job losses and outsourcing to China. The government should not respond to this posturing."

Myer chief executive Bernie Brookes said last week it was a "bloody shame" his company was being forced to take jobs offshore because of the unfair laws.

The warnings from two of Australia's best-known retailers are part of a concerted campaign by retailers to pressure the government into lowering the value at which the 10 per cent GST applies on imports.

Mr Kogan said if the retailers opened their online stores in China and kept them open for three months, he would place prominent links on his own website to Harvey Norman's and Myer's online stores.

"I'm personally challenging Gerry Harvey and Bernie Brookes to actually open their China-based websites," Mr Kogan said.

"I respect the man [Mr Harvey] a lot, he's changed the face of retail in the country and created a major business model for that time. But if you look at any entrepreneur in history, they're the ones who can change with time and innovate and use the latest technology to bring people value."

Mr Kogan's television sets are manufactured in China and carry his surname as its brand. He estimates he has captured about 10 per cent of the Australian LDC market, taking business off traditional retailers like Harvey Norman.

Assistant Treasurer Bill Shorten has ruled out lowering the \$1000 limit, saying he did not want to make goods more expensive for online shoppers, especially before Christmas.