

Hidden costs for goods and services



Hidden fees, taxes and a host of other add-on charges will soon be a thing of the past under changes to Australia's pricing laws.

In May, changes to the *Trade Practices Act 1974* come into effect, requiring that businesses provide a single price for the goods and services they sell. For example, airlines will no longer be able to advertise airfares at a particular price 'plus taxes and charges'.

This requirement will apply to all price representations, including those made in advertisements and price lists.

The genesis of the change dates back to 1999, prior to the introduction of the Goods and Services Tax. At that time, the Federal Government received legal advice that all prices would have to include the GST component, and by implication it was understood that would also apply to other charges and fees.

However, in several test cases taken to court by the ACCC since 2000, it was found that it was legally permissible, under some circumstances, for businesses to charge customers several components, such as one price for the goods, and an additional fee for taxes, without also stating the total price payable by customers.

The changes that come into effect no later than May 26 will address

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such situations, meaning sellers will have to display a prominent single figure price that is payable by consumers for their products. They will still be able to display the different components of the price, but the single all-inclusive price must be at least as prominent.

Where the final price can't be accurately calculated at the time of advertising, sellers will be required to disclose the minimum price as a single figure.

The new rules are designed to assist individual consumers, and are not intended to apply to transactions between businesses or between businesses and government.

