

# NEW E-LAWS

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## Europe follows Australia with new e-commerce laws

**E**ffective 1 July 2018, the Treasury Laws Amendment (2017 Measures No. 1) Bill 2017 introduces a requirement for overseas vendors, electronic distribution platforms and re-deliverers to account for Goods and Services Tax (GST) on sales of low-value goods to consumers in Australia if they have GST turnover of \$75,000 or more.

With members including Alibaba, Ebay and the major logistics providers, Freight & Trade Alliance (FTA) was invited to provide evidence to the Productivity Commission inquiry that reviewed the legislation and how it would impact international logistics operators.

The intent of the legislation was to ensure that imported goods with a value under \$1,000 face an equivalent GST treatment to goods sourced in Australia. Importantly, the legislation will also generate a significant quantum of GST revenue for our state governments.

The Productivity Commission found that the e-commerce platforms, controversially defined as 'vendors' in the legislation, were in the best position to collect and remit GST, rather than alternative models that may have forced the express carriers to collect GST at the border. While the e-commerce platforms challenged that finding, they are now racing to comply with the new legislation before the 1 July 2018 deadline.

It looks like Australia is not going alone with this approach on taxing internet trade, with the Council of the European Union also introducing new rules to comply with value-added tax (VAT) obligations.

The new rules extend an existing EU-wide portal for the VAT registration of distance sales. Following the Australian-style model, the EU is making the online platforms liable for collecting VAT on the distance sales that they facilitate.

A 'one-stop shop' will relieve online traders of having to register for VAT in each of the member states in which they sell goods. Again, similar to the Australian model, the Council provides a concession for start-ups and SMEs. Below €10 000 in yearly cross-border online sales, a business will be able to continue applying VAT rules used in its home country.

Furthermore, the new rules remove an exemption for consignments from outside the EU worth less than €22. The council claims that around 150 million small consignments are imported free of VAT, and the current system is open to abuse.

The new rules set out the following timeline:

- Introduction by 2019 of simplification measures for intra-EU sales of electronic services.
- Extension by 2021 of the one-stop shop to distance sales of goods, both intra-EU and from third countries, as well as the elimination of the VAT exemption for small consignments.

The global developments do not end there.

The World Customs Organisation (WCO) established e-commerce sub-groups that held face-to-face meetings in Brussels from 23 to 25 January 2018, bringing together more than 125 delegates to discuss and develop a 'Framework of Standards on Cross-Border E-Commerce'.

This 'Framework of Standards' is expected to be a comprehensive instrument for assisting WCO members in developing e-commerce strategic and operational frameworks. It will be equally useful for members who are seeking to enhance existing frameworks in order to effectively meet the requirements of new and evolving business models.

Further information:

- ATO website - <https://www.ato.gov.au/business/international-tax-for-business/gst-on-low-value-imported-goods/>
- Council of the European Union - <http://www.consilium.europa.eu/en/press/press-releases/2017/12/05/vat-on-electronic-commerce-new-rules-adopted/>
- WCO website - <http://www.wcoomd.org/en/media/newsroom/2018/january/wco-lays-down-the-foundation-of-a-framework-of-standards.aspx>

*The FTA and APSA look forward to facilitating a focused e-commerce session on Day 2 (11 May 2018) of the Global Shippers Forum and ICHCA International Conference & Exhibition. The session will involve international and domestic government and industry experts focusing on the future of e-commerce. Further details are available at [www.FTAlliance.com.au](http://www.FTAlliance.com.au). ■*

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