

# Interview with the Australian Taxation Office

## GST on low value imported goods - are overseas businesses complying?

As most transporters and customs brokers would be aware, GST is now being charged on sales of most low value imported goods.

Travis Brooks-Garrett, Director FTA, spoke to Australian Taxation Office (ATO) Assistant Commissioners Kelly Canavan and Adrian Preston-Loh about how overseas retailers have adapted to the changes; and how the ATO is managing compliance with this new law.



Kelly Canavan is the Assistant Commissioner with responsibility for the implementation of GST on low value imported goods



Adrian Preston-Loh is the Assistant Commissioner responsible for compliance on GST on low value imported goods

### 1. TRAVIS BROOKS-GARRETT – Customs brokers and transporters are generally interested in whether the changes to GST on low value imported goods have been successful. Can you tell us?

Kelly Canavan: Yes, we are pleased to say that the implementation of this new law is going really well. Over one thousand overseas retailers are now registered and applying GST to their sales. This figure includes the platforms that are collecting GST when low value goods are sold through them.

Adrian Preston-Loh: All the known major suppliers and international platforms have registered for GST and are complying with the law. These results really do reflect a strong overall level of compliance by the international business community.

Kelly: And the revenue collected so far has already exceeded our first year projections.

Both Adrian and I want to acknowledge the level of willing compliance that we have seen from transporters and brokers associations

“ Over one thousand overseas retailers are now registered and applying GST to their sales ”

and their members. Their cooperation has really helped this world-first program to succeed.

### 2. TRAVIS BROOKS-GARRETT - So, if an overseas business sells their goods through an online platform, they don't need to charge GST. Is that correct?

Kelly: Yes, that is the rule in most cases: the platform registers for, and applies, GST on the retailers behalf.

These 'platform rules' have worked really well and have meant that a significant number of smaller overseas retailers that sell through them haven't needed to individually register for GST.

### 3. TRAVIS BROOKS-GARRETT - Are transporters and customs brokers reporting any specific concerns to you?

Kelly: Last year the ATO spoke to several transporter and brokers associations and their members all around the country about the changes. We acknowledged that there were some additional reporting obligations for transporters, brokers and goods re-deliverers.

Recent feedback from industry representatives and from our colleagues in Home Affairs and Australian Border Force has been quite positive. The overall impacts have been minimal and the transition has been smooth.

We again thank the industry and your members for supporting these changes.

### 4. TRAVIS BROOKS-GARRETT - Can any penalties be applied towards brokers and transporters?

Kelly: These changes have meant that GST is charged at the point of the sale and the goods are not stopped at the border - which is a great win for transporters and brokers.

Essentially, it is the sellers of low value goods who are legally required to ensure that the relevant tax information is included on the import documents. Penalties won't apply to brokers and transporters but they can apply to GST registered retailers that ship through them if they don't include this information. However, when retailers do provide this information, it must be reported on the ICS.

Adrian: We are not looking to apply penalties initially. We understand that many of the overseas retailers are new to the Australian GST system and may need help in meeting their reporting requirements. We also understand that many transporters and brokers are adapting to the changes. The ATO and our DHA and ABF colleagues are happy to assist. The ATO's 'transporters and customs brokers' web page outlines the reporting requirements and the Australian Border Force website provides assistance with where to report the information on the ICS.

Kelly: We do, however, recommend that transporters and brokers talk to any new or even existing clients, or any other parties

## GST on low value goods – in a nutshell

- Low value imported goods are physical goods sold for AUD\$1,000 or less, imported from overseas. They can include clothing, cosmetics, books and electronic appliances.
- Overseas retailers must register for GST if the total of their consumer sales that are subject to GST are AUD\$75,000 or more in a 12-month period.
- Only one business in the supply chain is required to charge GST on a sale.
- Retailers apply the 10 per cent GST to their products at the point of sale (i.e. on the supply of the good) and not at the point of importation, as currently happens with goods over AUD\$1,000, and for all tobacco, tobacco products and alcoholic beverages
- When goods are sold through an online platform, the platform operator is generally responsible for collecting the GST.
- These changes ensure that goods purchased by consumers in Australia - whether domestically or from offshore - receive the same GST treatment.
- Overseas retailers are required to ensure that relevant tax information is included on the importation documents.
- Transporters and brokers report this information on the on the integrated cargo system (ICS).

involved in the goods supply chain, about how they will work with them to collect and provide this information. Overseas retailers would expect their transporters and brokers to assist them in meeting their Australian customs reporting obligations- so that they are not penalised.

Adrian: Some brokers or transporters may also be aware of instances where overseas suppliers are charging GST but not accurately reporting this on their customs documentation. If so, we ask transporters and brokers to help their clients satisfy these reporting requirements.

### 5. TRAVIS BROOKS-GARRETT - Now for the big question: are all overseas businesses charging GST?

Adrian: Yes it is a big question. There are two key points here. First as Kelly said, not every overseas retailer is required to charge GST. For example, those with customer sales below the AUD\$75,000 GST threshold don't need to register and neither do most retailers that sell their goods through a platform.

Secondly, as I said above, we can confirm that all known major suppliers and international platforms have registered for

GST and are complying with the law.

That being said, we are aware that not all businesses, particularly some of the smaller ones, have met their GST obligations. The ATO is following up with these businesses.

This is also a good opportunity to remind your members that where goods imported are then warehoused in Australia, they need to consider whether they should be charging GST

“ We have already initiated compliance action with positive early results ”

### 6. TRAVIS BROOKS-GARRETT - How will the ATO manage compliance?

Adrian: We published our compliance approach in January 2018 and we are now implementing that plan.

We work closely with other agencies to ensure compliance with the law. For example, the Australian Border Force provides us with customs data giving details of imports into Australia.

We also track financial data to follow the flow of funds from purchasers to suppliers overseas. We perform online investigations to identify websites and businesses involved in supplying goods to consumers in Australia. We also seek information, under tax treaty arrangements from other countries, including the USA and China.

It is still the first year of the measure, but we've already initiated compliance actions - with some early positive results. This includes direct contact with those that we believe need to register. However, it should be noted that some of these cases, just like some of our domestic compliance cases, can take some time to work through. We can't comment on individual taxpayer matters, but you can be assured that the ATO is working to ensure a level playing field for Australian business.

I also want to reaffirm the ATO's commitment to actually assisting business. We will work with those that are making a genuine effort to meet their obligations. In those cases we will not apply penalties for mistakes made before 30 June this year.

However if your members arrange shipping for any clients who aren't registered but should be, they should advise these retailers to contact the ATO now at AustraliaGST@ato.gov.au.

We will work these retailers to help them comply.

You can read our compliance approach

at: <https://www.ato.gov.au/Business/International-tax-for-business/GST-on-low-value-imported-goods/Making-compliance-happen/>

### 7. TRAVIS BROOKS-GARRETT - Can anyone report an overseas business that is not charging GST?

Adrian: Yes. 'Tip offs' from business or the community are an important source of information for us. We encourage this reporting and we investigate these 'tip offs'.

If your members believe that a business isn't doing the right thing, you can report a concern directly to us via our 'Report a Concern' webpage on the ATO website. ([ato.gov.au/ReportTaxEvasionTERC/](http://ato.gov.au/ReportTaxEvasionTERC/))

### 8. TRAVIS BROOKS-GARRETT - Is there anything you would like to add?

Kelly: I want to reiterate that the ATO and Home Affairs websites contain the relevant information to assist transporters and brokers.

Adrian: And if your members or their clients are encountering difficulties, don't be afraid to raise your issues with either the ATO or DHA or ABF. We'll work with you to find a solution.

For more detailed information, you can:

- visit the ATO website at [ato.gov.au/AusGST](http://ato.gov.au/AusGST) – see more information at [ato.gov.au/Transporters](http://ato.gov.au/Transporters)
- email [AustraliaGST@ato.gov.au](mailto:AustraliaGST@ato.gov.au)
- visit the Department of Home Affairs website for border-related matters.