



GST and Low Value Imported Goods – Australia



Overview

From 1 July 2018, GST will generally apply to sales of low value imported goods into Australia ('LVIGs').

The below table summarises the effects of these changes.

Application of GST to LVIGs	
What goods are taxed?	<p>Sales of LVIGs to Australian end consumers (i.e. Australian residents not registered for GST), which have a customs value of AUD\$1,000 or less at the time of sale.</p> <p>Existing processes to collect GST on imports above AUD\$1,000 at the border are unchanged.</p>
Which businesses are impacted?	<p>The below entities that make or facilitate sales/delivery of LVIGs to Australian end customers:</p> <ol style="list-style-type: none">1. Sellers2. Operators of online marketplaces (i.e. operators of online services that allow entities to make supplies to end-users)3. Redeliverers (i.e. entities that assist Australian consumers acquire goods from overseas)
GST registration threshold	<p>Where your Australian GST turnover meets or exceeds AUD\$75,000 (including the value of LVIGs sold or delivered in a year).</p>
Shipping of multiple goods?	<p>Where multiple LVIGs are shipped in a single consignment with a combined value over AUD\$1,000, GST will be payable on the importation of the consignment by the importer and not on the sale of the individual LVIGs.</p>

Key Issues and FAQs

Are the goods LVIGs?

A LVIG has a customs value of AUD\$1,000 or less, determined at the time the price for the goods is agreed. A supply of one or multiple LVIGs will be taxable where the goods are delivered to Australia, and the supplier, online marketplace or redeliverer facilitates the delivery of the goods into Australia but is not the importer of the goods.

A high value good (even in a consignment with LVIGs) will continue to be taxed at the border.



How much GST applies to LVIGs?

LVIGs are taxed at 10 per cent of the GST-exclusive price of the goods sold (including costs such as shipping and insurance). This is different to the customs value used to determine whether the goods are LVIGs.

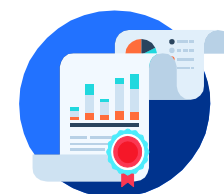


What happens if the goods are GST-free?

Some goods, such as certain medical appliances, foods, or education course materials are GST-free. Where these goods are imported into Australia, no GST will be payable and the value of these goods will not be included in calculating your GST registration threshold.

Are my customers consumers (B2C) or businesses (B2B)?

GST is applicable on LVIGs sold to Australian consumers (B2C customers). A customer can only be treated as a B2B customer where you collect that customer's Australian Business Number and a declaration confirming that the customer is registered for GST. In all other cases, you should treat your customer as an end consumer (B2C).



What happens if multiple LVIGs are shipped in a consignment over AUD\$1,000 or LVIGs are shipped with high value goods?

Where you reasonably believe (and there is no uncertainty) that LVIGs will be shipped in a consignment with a value over AUD\$1,000, you will not be required to remit GST on the supply of the goods, and the consignment will be taxed at the border by the Department of Immigration and Border Protection (Customs).

How do I avoid double taxation at the border?

If GST has already been charged on the sale of LVIGs, then to prevent the consignment being taxed again at the border, an appropriate declaration needs to be given to the Customs authority to prevent double taxation. New GST Exemption Codes have been introduced to facilitate this process, and you need to ensure that your import documentation is completed correctly.

If an appropriate declaration is not provided to Customs and the LVIGs are taxed twice, there is provision for the seller/online marketplace/re-deliverer in certain circumstances to seek a refund of the GST paid through the GST returns.

Key Issues and FAQs

Am I required to register for GST?

You will be required to register for GST where the value of your taxable sales to Australian consumers causes you to meet or exceed the GST registration turnover threshold of AUD\$75,000 in a 12-month period.

If you are an online marketplace or a redeliverer you will generally need to include the value of third-party (3P) sales made through your platform or redelivered by you in calculating your GST registration turnover.

Am I liable for the GST?

Only one entity is liable for the GST on LVIGs sold to Australian consumers. If the sale is made through an online marketplace, the marketplace will generally be responsible for the Australian GST. A redeliverer will only be responsible for the GST on LVIGs if neither the online marketplace nor the merchant is responsible for the GST.

How do I register, report and remit the GST?

A simplified GST registration process is available to non-residents. Simplified GST returns will need to be lodged on a quarterly basis which report any GST liability (but do not provide any entitlement to GST credits).

Alternatively, a full GST registration can be undertaken, which will allow full GST returns to be lodged (i.e. GST credits will be claimable on any GST paid to suppliers).

What if I sell goods in a foreign currency?

There are prescribed rules for converting foreign currency into Australian dollars for the purpose of determining if goods are LVIGs and the GST payable.

Are tax invoices required to be issued to customers?

Under a simplified registration, tax invoices are not required to be issued, however, you are required to issue a notice of GST paid in the approved form which has strict information requirements.

How can KPMG help?

KPMG has extensive experience in assisting companies to:

- Determine if a GST reporting obligation arises
- Review terms and conditions between suppliers and customers
- Register and report GST obligations
- Review systems and controls and test that GST is being captured appropriately

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