

# Australia: Goods and Services Tax (GST) on B2C Low Value Imported Goods

## Introduction

From 1 July 2018, Australia imposed a 10% Goods and Services Tax (GST) on the sale of low value goods costing AUD 1,000 or less supplied by overseas retailers to Australian consumers.

This was designed to restore a level playing field for domestic suppliers and, depending on the supply circumstances, impacts either the overseas business selling the goods, the operator of an electronic distribution platform (such as Amazon or eBay), or the re-deliverer that assists in bringing the goods into Australia.

## Impact on businesses selling into Australia

The change in law requires overseas suppliers that have an Australian GST turnover of AUD 75,000 or more, to charge GST on sales of low value goods to consumers in Australia.

An overseas supplier's Australian GST turnover is all turnover that is connected with Australia (unless the services or products are GST-free under Australian law), including sales into Australia of:

- services and digital products from 1 July 2017; and,
- low value goods of AUD 1,000 or less from 1 July 2018.

Businesses that meet the AUD 75,000 threshold need to:

- register for GST (a simplified GST registration system is available to overseas suppliers);

- charge GST on sales of imported goods costing AUD 1,000 or less; and,
- remit the GST to the Australian Taxation Office (ATO) by lodging returns.

## Consequences of non-compliance

Serious consequences including an administrative penalty of up to 75% of the unpaid tax, backdated interest charges and prosecution can apply where businesses do not meet their GST obligations.

The Australian Commissioner of Taxation could also take action to intercept funds from Australia destined for the supplier, and request the co-operation of the taxation authority in the supplier's country to recover the debt.

## What businesses need to be doing now

Businesses impacted by the change in law and yet to take action need to consider the following:

- Registering for either the simplified or the standard GST system.
- Reviewing pricing to take into account the charging of GST.
- Communicating to customers that GST is chargeable on relevant supplies.
- Updating terms and conditions and website information to allow for the charging of GST.
- Ensuring that billing and accounting systems can incorporate the GST element of a sale.