



DEPARTMENT OF HOME AFFAIRS NOTICE

No. 2018/14

Goods and Services Tax on low value imported goods – Use of the GST-paid exemption code

This notice should be read in conjunction with Department of Home Affairs Notices 2018/13 and 2018/15.

From 1 July 2018, goods with a customs value of AUD1,000 or less (low value goods) may attract the Goods and Services Tax (GST) at point of sale if imported from overseas by consumers in Australia.

To assist vendors with their reporting requirements, the Integrated Cargo System (ICS) will allow for a Vendor ID, Importer ID and the use of a GST exemption code 'PAID', where applicable. The GST-paid exemption code is for use in specific circumstances to help prevent double taxation. Goods imported in a consignment of AUD1,000 or less will not require the use of the GST-paid exemption code.

For low value goods that form part of a consignment with a customs value over AUD1,000, the GST-paid exemption code should be used to identify those items for which GST has been paid at the point of sale to avoid GST being charged again at the border. Existing GST exemption codes should continue to be used, where applicable, for goods that are GST exempt.

The GST-paid exemption code cannot be used for imports of tobacco, tobacco products and alcoholic beverages. These goods are liable for customs duty and taxes at the border, regardless of value. The GST-paid exemption code cannot be used for goods with a customs value over AUD1,000 (these goods are liable for GST at the border), other than in Scenario 3 below.

Where the GST-paid exemption code is not used on import documents, and GST is charged again on the low value good at the border, refunds must be sought from the vendor. Refunds will not be available from the Department of Home Affairs, Australian Taxation Office (ATO), transporter or brokerage service. For details see Home Affairs Notice No. 2018/15 - Claiming a GST refund.

Examples

Scenario 1

A number of low value goods are purchased overseas and the vendor charges GST on each item. The goods are then sent in one consignment with a total customs value over AUD1,000.

In this scenario, the following applies:

- a Full Import Declaration is required for the importation of the goods as the customs value is over AUD1,000; and
- the GST-paid exemption code should be used on all tariff lines where GST has been paid to the vendor at the point of sale.

Scenario 2

Two items are purchased overseas – Item 1 at AUD200 (vendor charges GST) and Item 2 at AUD1,300 (no GST is charged by the vendor). The goods are then sent in one consignment with a total customs value over AUD1,000.

In this scenario, the following applies:

- a Full Import Declaration is required for the importation of the goods as the customs value is over AUD1,000;
- for Item 1 the GST-paid exemption code should be used as the GST has been paid to the vendor at the point of sale; and
- for Item 2 the GST-paid exemption code cannot be used as the good has a customs value over AUD1,000. The GST liability for Item 2 will be assessed at the border.

Scenario 3

One item is purchased overseas with an Australian dollar value of \$995. The vendor correctly charges GST as the item is a low value good. On the day of exportation, the exchange rate fluctuates increasing the customs value of the good to over AUD1,000 at the border.

In this scenario, the following applies:

- a Full Import Declaration is required for the importation of the goods as the customs value is over AUD1,000; and
- the GST-paid exemption code should be used on this item; GST was paid at the point of sale as the customs value was less than AUD1,000.
 - No additional GST is charged at the border as the price of the item at the point of sale was less than AUD1,000.

Further information on preventing double taxation at the border is available on the ATO website at www.ato.gov.au/AusGST.

[signed]

Andrew Tankey
A/g Assistant Secretary
Trade and Customs Branch
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