



Australian Government

Department of Foreign Affairs and Trade

# TAXATION OF GOODS IN E-COMMERCE: AUSTRALIAN CASE STUDY

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## AUSTRALIAN GOODS AND SERVICES TAX (GST)

The GST is an internal consumption tax of 10% that applies to the purchase of some goods and services

- As a tax, GST is not a customs duty and is not covered by the WTO Moratorium for Customs Duties for Electronic Transmissions.

In 2018, the GST was extended to apply to sales of low-value goods (AUD\$1,000 or less) imported by Australian consumers

- Vendor-collector model: vendors collect the GST from consumers and periodically remit the tax to the Australian Taxation Office
- Builds on 2017 reforms that applies to GST to streaming and downloads, as well as services imported by customers.

## EXTENSION OF GST TO LOW-VALUE IMPORTS

Application of GST to low-value imports addresses concerns about a lack of government revenue from digital imports.

By applying in a non-discriminatory manner, it avoids the concerns faced by customs duties that they target foreign suppliers.

GST liabilities have exceeded expectations

- There has been excellent compliance among businesses and participants.

The model was developed and implemented in a way that enables business

- Additional benefits result from non-discriminatory, simple and transparent structure
- Minimised regulatory burdens for MSMEs.

## RESULTS OF EXTENSION OF GST TO LOW-VALUE IMPORTS

The application of GST to low-value goods imports (and to goods and services delivered electronically) has proved successful

- Revenue continues to increase
  - while facilitating ongoing growth in digital trade participation
- Applies in non-discriminatory manner to domestic and foreign businesses
- All major international suppliers have registered as vendors
- All major electronic distribution platforms are complying with the law.

We consider this approach to obtaining revenue from goods and services imported electronically a sustainable approach to addressing challenges faced by governments concerning digital trade.



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