Australia’s E-Commerce experience
Goods and Service Tax (GST) on low value imported goods

WTO Informal Working Group on Micro, Small and Medium-sized Enterprises
May 2021
E-Commerce priorities

Revenue collection is part of Australia’s comprehensive approach to Cross-Border E-Commerce

<table>
<thead>
<tr>
<th>Australia’s priorities in Cross-Border E-Commerce</th>
<th>Today’s presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>Revenue Collection</td>
</tr>
<tr>
<td>Data</td>
<td>GST on low value imported goods</td>
</tr>
<tr>
<td>Border Cooperation</td>
<td>De Minimis Thresholds</td>
</tr>
<tr>
<td>Regulation</td>
<td>De minimis Duties, taxes and reporting</td>
</tr>
<tr>
<td>Authorised Economic Operator Scheme</td>
<td></td>
</tr>
<tr>
<td>International Engagement</td>
<td></td>
</tr>
<tr>
<td>Revenue Collection</td>
<td></td>
</tr>
</tbody>
</table>

Department of Home Affairs
# Australia’s revenue system at the border

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs Duty</td>
<td>The Department of Home Affairs, through the Australian Border Force (ABF), is responsible for customs and revenue collection at the border.</td>
</tr>
<tr>
<td>Goods and Services Tax (GST)</td>
<td>The Department of Treasury sets revenue policy and the Australian Taxation Office (ATO) is the principal collection agency for taxes and excise.</td>
</tr>
<tr>
<td>Wine Equalisation Tax (WET)</td>
<td></td>
</tr>
<tr>
<td>Luxury Car Tax (LCT)</td>
<td></td>
</tr>
<tr>
<td>Excise equivalent customs duty</td>
<td></td>
</tr>
</tbody>
</table>
De minimis
Australia’s de minimis threshold reflects broader policy settings across customs, tax and federal financial relations

Australia’s de minimis thresholds
• Customs duties – AUD$1,000
• GST – AUD$1,000

Australia’s reporting threshold
• AUD$1,000

Air and sea
• Self-assessed clearance (SAC) must be lodged

International mail
• SAC not required for goods that arrive by international mail
Revenue collection

E-Commerce presents challenges for revenue collection at the border

- Revenue integrity
- Competitive neutrality
- Trade facilitation
GST on low value imported goods

Australia implemented a new revenue collection model on low value imports from 1 July 2018

No changes to:
- de minimis threshold at the border
- border clearance processes
- the flow of goods across the border
- current import requirements for tobacco or alcohol regardless of value

Supplier

Purchased goods have a customs value below $1,000:
- Supplier with turnover greater than $75,000 registers for GST
- Supplier collects GST at point of sale

Importer

Purchased goods have a customs value below $1,000:
- Importer paid GST at point of sale to the vendor
- No charges at the border
# GST on low value imported goods

A simplified registration system supports industry compliance and registration

<table>
<thead>
<tr>
<th>Overseas businesses have two registration options:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Australia’s standard domestic GST registration system</td>
</tr>
<tr>
<td>2. a simplified online registration process designed for international businesses</td>
</tr>
</tbody>
</table>

## Key elements of simplified GST

<table>
<thead>
<tr>
<th>Minimal proof of identity to register</th>
<th>ATO reference number</th>
<th>Cannot issue tax invoices</th>
<th>Remit GST less frequently (quarterly)</th>
<th>Flexible electronic payment options</th>
</tr>
</thead>
</table>
## GST on low value imported goods

### Compliance approach

**Tax compliance**
- ATO compliance activities have focused on assisting entities to register and ensuring they are reporting the GST collected.
- A review of the revenue collection model will take place after two years.

**Border**
- Three new fields were created in the Integrated Cargo System (ICS) to allow the capture of additional information, where available.
- If the information is not supplied transporters and brokerage services can continue with their regular import processes.

### Compliance outcomes

**Registration**
- More than 1,700 businesses are registered, including major platforms and suppliers.
- The percentage of registered entities lodging the required GST Returns is equivalent to Australia’s domestic GST registered population.
- ATO compliance activities have achieved very good results for registration and lodgement without the need to use formal recovery powers.

**Revenue**
- As of June 2020, these entities had reported $386 million of GST on supplies of low value goods.
Trade facilitation and MSMEs
The model delivers many benefits for MSMEs

**Trade facilitation at the border**

- Maintains processes so that individual MSMEs do not need to fulfil full customs requirements at the border

- Retains the A$1000 de minimis threshold at the border for duty, tax and reporting obligations

**Decreased trade costs**

- Streamlines GST registration and collection for businesses that only make sales through an online marketplace

- Supports MSME trade by assigning reporting and collection requirements to marketplaces and high volume traders