



International businesses: selling low value goods to the land down under? You may need to register for GST

By the AUSTRALIAN TAXATION OFFICE

International businesses may need to register and pay Australian goods and service tax (GST) if their GST turnover from sales connected with Australia is A\$75,000 or more in a 12-month period.

Whether you are a business that is selling the latest sporting equipment, an online fashion retailer who supplies personalised jumpers, or even a large business that sells top performance boots for athletes, it's important to know your Australian GST obligations.

Here at the Australian Taxation Office (ATO), we understand that many overseas businesses are new to the Australian GST system and may not necessarily know what GST is.

We've seen over one thousand overseas suppliers and retailers who have registered and apply GST to their sales. These results really do reflect a strong overall level of compliance by the international business community however, there are still businesses that aren't aware they need to register for GST.

We know that not all businesses, particularly some of the smaller ones, aren't aware of their GST obligations and have limited knowledge of compliance here in Australia.

Let's start with the basics – What is GST?

GST is similar to Value Added Tax (VAT) or Sales Tax in other countries. The GST rate in Australia is 10% or 1/11th of the amount charged on a sale. This means if you are an international business and you sell low value goods to consumers who are in Australia, GST may apply to your sales.

What are low value goods?

Low value goods are tangible goods with a customs value of A\$1,000 or less (except for tobacco products or alcoholic beverages). The customs value is the price the goods are sold for, where the goods are listed in a foreign currency. You may need to convert the price into Australian dollars to determine if the value is A\$1,000 or less. This may include clothing, books, cosmetics, shoes, or sporting equipment.

Who charges GST?

The responsibility of collecting and paying GST to the ATO, depends on what you're selling and how you sell it.

You may need to register for and charge GST if you are:

- a merchant who sells low value goods to consumers who are in Australia.
- a re-deliverer that helps to bring low value goods to Australia on behalf of the consumer.

If you sell low value goods

You're responsible for GST if you sell low value goods that are imported by a consumer in Australia.

If you only sell these goods through an electronic distribution platform, such as an online marketplace, the operator of the platform is responsible for collecting and paying GST and not you (as a merchant).

If you offer a redelivery service to ship goods to Australia

You will be responsible for GST if you help to get low value goods to Australia by acting as a redeliverer for a consumer in Australia, when the offshore merchant doesn't ship directly to Australia. This may include providing:

- an offshore mailbox service with an address outside Australia where goods are delivered
- a shopping service that buys or helps to buy goods outside Australia as an agent of an Australian customer.

What to do if this applies to you?

When doing business in Australia, you will need to:

1. Check if the value of your sales connected to Australia is equal to or more than A\$75,000 in a 12-month

period. If the answer is yes, you must register and pay GST on relevant sales.

2. Register for GST. The quickest and easiest way to register is by using simplified GST registration. It allows you to pay GST electronically and lodge your GST return online. You'll receive a unique 12-digit Australian Taxation Office Reference Number (ARN), which you use on your invoices, customs documentation and to access your account. If you have or need an Australian Business Number (ABN) and want to claim GST credits, you should consider using standard GST registration.
3. Report and pay the GST collected on your sales to the ATO – you can do this by lodging a GST return or a business activity statement (BAS) depending on your choice of GST registration.
4. Convert the amount of GST to Australian dollars when you report and pay the ATO.

Need to get in touch?

You'll always find the most up-to-date information on the ATO website. If you have questions on how Australian GST rules may apply specifically to your business, including how to register, charge or pay, visit ato.gov.au/NonresGST. ▲

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