

Quick Guide

What you need to know about **IMPORTS** Understanding the new tax system

OVERVIEW

- The New Tax System started on 1 July 2000. If you intend to import goods, there are some important things that you should know.
- For importers, the main new tax is the Goods and Services Tax (GST), which has replaced wholesale sales tax and certain other indirect taxes.
- The GST is a tax on the final consumer. Importers can claim refunds of any GST paid on goods and services used in their business.
- This brochure is a quick guide to help importers understand when GST must be paid, how much GST should be paid, and how to claim refunds of the GST paid.
- It is not possible to provide rules for every import in this brochure. For more detailed information, see the Australian Taxation Office website www.taxreform.ato.gov.au or the Australian Customs Service website www.customs.gov.au.

WHAT IMPORTERS SHOULD KNOW ABOUT GST

- GST is payable on most imported goods. These are called **taxable importations**
- Some imported goods are exempt from GST. These are called **non-taxable importations**.
- GST on taxable importations is payable on top of **Customs and Excise duties**. These duties have not been abolished.
- If you are **registered** for the GST, you can claim **credits**, in the form of **input tax credits**, if you use the imported goods in your business.

This guide is intended to provide small businesses with an overview of import issues and the new tax system.

GENERAL RULES FOR IMPORTERS

REGISTERING FOR GST

- You must register for GST if your business has a yearly turnover of more than \$50,000. You will also need to get an Australian Business Number (ABN).
- If your business does not have a turnover of more than \$50,000 you can choose to register for GST.
- If you do not register, you will not be able to claim credits (input tax credits) for the GST that you pay to your suppliers.

HOW TO REGISTER FOR GST

- To register for GST you will need to fill out a Registration Form and give it to the Australian Taxation Office (ATO).
- You can register on the Internet at www.abr.business.gov.au. For more information contact the ATO on **13 24 78**.

HOW TO CLAIM REFUNDS (INPUT TAX CREDITS)

- If you have registered for the GST, and you have an ABN, you will be required to submit a your "Business Activity Statement (BAS)" on a monthly or quarterly basis.
- Your business can claim credits (input tax credits) in your BAS.
- Please see our other publication called "PAYG and BAS" for more information on how to claim an input tax credit or ring the GST Start-Up Assistance Office on **13 30 88**.

WHAT IS A TAX INVOICE?

- A tax invoice is a document given out when a supply is made that has GST charged on it.
- A tax invoice must show the amount of GST that has been paid. The GST may be included in the price or shown separately on the tax invoice.

BUSINESS TIPS

GETTING STARTED

If you are new to importing, here are some tips to help you get the most benefit from the new tax system:

- Make sure that you are registered for GST.
- Engage a customs broker or a freight forwarder.
- Talk to Customs and the ATO about non-taxable importations.
- Talk to AusIndustry about the benefits of the Tradex Scheme.

SPECIAL RULES AND BENEFITS FOR IMPORTERS

TEMPORARY IMPORTS

- The Customs temporary importation rules allow you to import certain kinds of goods without the payment of customs duty or GST.
- You are allowed to keep temporary imports in Australia for 12 months. You can also apply to Customs for permission to keep the goods in Australia for longer than 12 months.
- Some examples of temporary imports include professional equipment, cars imported by tourists, goods for exhibition or testing.
- Customs will ask you for a security or undertaking for the GST and any duty.
- If you do not re-export the goods, you will have to pay the GST and any duty.
- For information about temporary imports, you should contact the Australian Customs Service on 1300 363 263.

THE TRADEX SCHEME

- 'TRADEX' is a special new government incentive scheme to help importers, manufacturers and exporters.
- If you import commercial goods that will be re-exported, or you use imports to make goods for export, you can apply to be approved as a TRADEX importer.
- TRADEX importers do not have to pay any customs duty or GST on their imported goods.
- If you import goods that will be re-exported, or if you make goods that will be exported, you should contact AusIndustry on **13 28 46**, who will tell you about TRADEX.

LOW VALUE IMPORTS.

- You do not have to pay any customs duty or GST on low value imports.
- The rules for low value imports are:
 1. Each import by post must not be valued at more than \$1000.
 2. Each import by air or sea must not be valued at more than \$250.
 3. For each import, the total customs duty and GST that would normally be payable must not be more than \$50.

BUSINESS TIPS

GETTING YOUR INPUT TAX CREDITS

Once you have established your import business, there are some things that you should do to make sure that you are able to claim your full input tax credits:

- Keep accurate records of all your import related transactions.
- Make sure you have tax invoices for your purchases.
- Know exactly how much GST you have paid.
- Claim back the full amount of GST that you are allowed to.

MORE INFORMATION FOR IMPORTERS

WHAT ARE TAXABLE IMPORTATIONS?

- You must pay GST on your taxable importations.
- Almost all imported goods are taxable importations. Here are some examples:
 - Clothing
 - Motor vehicles
 - Computers

WHAT ARE NON-TAXABLE IMPORTATIONS?

- You do not have to pay GST on non-taxable importations.
- Only a few kinds of imported goods are non-taxable. Here are some examples:
- Goods that are GST-free when they are sold in Australia, such as basic foods and medical aids.
- Imports that qualify for certain special customs duty concessions, such as warranty replacements, goods imported for repair, samples.

WHEN IS THE GST PAID ON TAXABLE IMPORTATIONS?

- There are two ways for you to pay the GST on your taxable importations:
- Most importers must pay the GST to Customs before they take delivery of the goods.
- Some importers, who have been approved by the ATO can defer the payment of GST on their imports until they lodge their first BAS after the goods are cleared through Customs.

HOW CAN THE GST ON TAXABLE IMPORTATIONS BE DEFERRED?

- You can apply to the ATO for deferral on the Internet at www.ato.gov.au, or for more information call the Deferred GST Scheme Helpline on **1300 130 915**.
- You must electronically lodge your BAS monthly with the ATO; and
- You must have a good record with the ATO.

HOW IS THE GST WORKED OUT FOR TAXABLE IMPORTATIONS?

- The GST that you must pay on your taxable importations is 10% of the sum of:
 - the Customs value;
 - the cost of international transport and insurance;
 - any Customs duty; and
 - any wine tax payable on the import of the goods.
- There are special rules for goods that are re-imported after repair.

WHEN IS GST PAYABLE ON IMPORT RELATED SUPPLIES?

- Your suppliers will charge you GST on some import related supplies, such as local transport and customs brokerage. Make sure that they give you a tax invoice.
- There is no GST on other supplies, such as international transportation and international insurance.

NOTES

- While this brochure highlights the key GST issues relating to imports, it should be used only as a guide.
- The rules for importing are complex and there are many aspects of international trade that can affect a trader's GST liability. As an example, your arrangements with an overseas supplier can affect the customs value and the amount of GST that you must pay on a taxable importation.
- There are also many benefits for importers under the new rules, such as the new Tradex Scheme.
- As well as the new GST rules, there are other new taxes that affect some imported goods. Luxury Car Tax will have to be paid on some motor vehicles and the Wine Equalisation Tax applies to some imports of wine.
- Importers should seek professional advice before entering into contracts.

GST Start-Up
Assistance Office

**Deloitte
Touche
Tohmatsu**

FOR FURTHER INFORMATION

BUSINESS INFORMATION

- GST Start-Up Assistance Office: **Ph 13 30 88**
- Internet: **www.gststartup.gov.au**

TAX

- ATO: **Ph 13 24 78**
- Internet: **www.taxreform.ato.gov.au**

CUSTOMS

- ACS: **Ph 1300 363 263**
- Internet: **www.customs.gov.au**

AUSINDUSTRY

- AUSINDUSTRY: **Ph 13 28 46**
- Internet: **www.ausindustry.gov.au**