

Quick Guide

What you need to know about EXPORTS

Understanding the new tax system

OVERVIEW

- The New Tax System started on 1 July 2000. If you intend to export goods, there are some important things that you should know.
- The main new tax is the Goods and Services Tax (GST), which has replaced wholesale sales tax and certain other indirect taxes.
- Exported goods are GST-free.
- This brochure is a quick guide to help exporters understand the rules for GST-free exports, when GST must be paid to suppliers, and how to claim refunds of the GST paid on goods and services used in your business.
- The brochure also provides information on some of the special benefits available to exporters.
- It is not possible to provide rules for every export 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 EXPORTERS SHOULD KNOW ABOUT GST

- If you are the **exporter** of goods, you must **not** charge GST to your overseas customers.
- If you purchase goods or services for your business, your suppliers must give you a **tax invoice**.
- If you are **registered** for the GST, you can claim **credits** in the form of **input tax credits** for the GST that you pay to your suppliers of goods and services.

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

GENERAL RULES FOR EXPORTERS

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 exporting, 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 AusIndustry about the benefits of the Tradex Scheme.

SPECIAL RULES AND BENEFITS FOR EXPORTERS

TEMPORARY IMPORTS

- The Customs temporary importation rules allow you to import certain kinds of goods without the payment of customs duty or GST.
- 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.
- 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.
- 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.

BUSINESS TIPS

GETTING YOUR INPUT TAX CREDITS

Once you have established your export 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 export 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 EXPORTERS

WHAT ARE THE RULES FOR GST-FREE EXPORTS?

- If you export goods from Australia within 60 days of issuing an invoice or receiving some payment, the export will be GST-free.
- The Commissioner of Taxation may extend this time if requested.

WHAT IF YOU SUPPLY GOODS TO AN EXPORTER WHO IS REGISTERED FOR GST?

- When you make supplies to a registered exporter you must charge GST and give the exporter a tax invoice.
- The exporter can then claim back the GST paid from the ATO in their BAS.
- When the exporter exports the goods, no tax invoice is needed.

WHAT IF YOU SUPPLY GOODS TO AN EXPORTER WHO IS NOT REGISTERED (AND DOES NOT NEED TO BE REGISTERED) FOR GST?

- If you sell goods to a business that is not registered for GST and the unregistered business wants to export the goods, your sale to the business will be GST-free if the following conditions are met:
 - Your customer must export the goods
 - Your customer must not alter or use the goods in any way before export, except to prepare them for export.
 - The goods must be entered with Customs for export.
 - Your customer must give you documentary evidence to show that the goods have been exported.

No tax invoice is needed in this case.

- When the unregistered exporter exports the goods, no tax invoice is needed.

IS GST PAYABLE ON ANY EXPORTED GOODS?

- No, but if you re-import the goods into Australia, you will have to pay GST when you bring the goods back into Australia.

WHEN IS GST PAYABLE ON EXPORT RELATED SUPPLIES?

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

WHAT DOCUMENTATION SHOULD YOU KEEP?

- Exporters must keep records to show that the goods were exported.
- Examples of records to be kept are bills of lading, airway bills, evidence from Australian Customs that the goods left Australia, or evidence from an overseas customs body showing that the goods arrived in their country.

NOTES

- While this brochure highlights the key GST issues relating to GST-free exports, it should be used only as a guide.
- Exporters should be aware of the rules for GST-free exports. Exporters should also make sure that they claim full input tax credits for the GST that is paid on goods and services used in their business.
- There are also many benefits for exporters under the new rules, such as the new Tradex Scheme.
- Exporters of goods should seek professional advice before entering into contracts.
- Not only goods are exported from Australia. Services and rights can also be exported. There are special rules allowing some services and rights provided outside Australia to be GST-free.

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**