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QC 28605

Claiming GST credits for goods you import

The situations where an importer can claim a GST credit, and examples of when there is no entitlement to a credit.

Last updated 6 June 2018

For Goods and Services Tax (GST), Luxury Car Tax (LCT) and Wine Equalisation Tax (WET) purposes, from 1 July 2015, where the term 'Australia' is used in this document, it is referring to the 'indirect tax zone' as defined in subsection 195-1 of the GST Act 1999.

If you are seeking to claim a GST credit for the GST you were liable to pay on a taxable importation, you must be the importer of the goods and import the goods solely or partly for a creditable purpose.

Even if your name appears as 'owner' on the import declaration, this may not mean you are the importer for the purpose of claiming a GST credit on the taxable importation.

There are some situations where you are liable to pay the GST on a taxable importation, but you are not entitled to claim the corresponding GST credit.

Importer for the purpose of claiming GST credits

You must be the importer of the goods to claim GST credits. You are the importer of the goods if both of the following apply:

- you have caused the goods to be brought to Australia for your own purposes
- you, or your agent, are named as the 'owner' of the goods on the import declaration.

You have caused goods to be brought to Australia if the goods were brought to Australia for application to your own purposes after importation.

You use goods for your own purposes if you sell, lease or hire the goods, use the goods as trading stock or use the goods in the manner consistent with their design or nature.

Situations where you are not entitled to GST credits

If you are a facilitator, such as a customs broker or freight forwarder, you will not be entitled to a GST credit. You are generally not the importer because you have not caused the goods to be brought to Australia for your own purposes. You are a facilitator because you are engaged to handle, store, transport, monitor the goods or process the import declaration on another entity's behalf.

Example: Facilitator named as owner on import declaration

An Australian retailer purchases equipment from a supplier in the United States of America (USA supplier).

The USA supplier engages an Australian logistics company to transport equipment and facilitate the clearance of the goods through Customs as a licensed customs broker.

The logistics company operates a worldwide logistics enterprise. The logistics company is named as 'owner' of the equipment on the import declaration and delivers the equipment to the Australian retailer. The logistics company was liable to pay the GST on the taxable importation.

The logistics company is not the importer because it did not cause the equipment to be brought to Australia for its own purposes. The logistics company merely facilitates the importation and delivery of the equipment to the Australian retailer for the USA supplier.

The logistics company is not entitled to a GST credit for the GST paid on importation.

Whilst both the Australian retailer and the USA supplier caused the goods to be brought to Australia, neither are importers because the logistics company was named as 'owner' on the import declaration.

In this circumstance no entity can claim a GST credit.

Similarly, a third party contracted to install or assemble the goods on arrival in Australia does not cause the goods to be brought to Australia for their own purposes.

Example: Installer named as owner on import declaration

An Australian manufacturer purchases equipment from a non-resident supplier. The non-resident supplier engages an Australian specialist installer to install the equipment in Australia.

The specialist installer is named as 'owner' on the import declaration and pays the GST on the taxable importation.

The specialist installer did not cause the equipment to be brought to Australia for application to its own purposes after importation: they did not sell, lease or hire the equipment, nor use it in a manner consistent with its design or nature. Therefore the installer is not the importer and is not entitled to a GST credit.

If, however, the specialist installer enters their name as 'owner' on the import declaration, as agent of the non-resident supplier, then the non-resident supplier will be the importer because the following two events have occurred:

- the non-resident supplier has caused the goods to be brought to Australia to sell to an Australian manufacturer
- their agent was named as the 'owner' of the goods on the import declaration.

The Australian resident agent of the non-resident supplier would be entitled to the GST credit on the taxable importation if the non-resident supplier is registered, or required to be registered for GST and imported the goods for a creditable purpose.

Where no agency arrangement exists

In circumstances where a third party is named as 'owner' on the import declaration but is not your agent, the third party will be liable to pay the GST on the taxable importation and will not be entitled to claim a GST credit because they are not the importer.

If you reimburse the GST for which a third party was liable to pay on the taxable importation, you will not be able to claim a GST credit because you are not named as 'owner' of the goods on the import declaration.

In these situations, no-one will be entitled to a GST credit.

Situations where you can claim GST credits

Generally, where goods from overseas are sold and brought into Australia, both the buyer and the seller of the imported goods will be considered to have caused the goods to be brought to Australia for their own purposes. If you are the buyer or seller of the goods and your name appears on the import declaration as 'owner', you are the importer.

Example: More than one entity causes the goods to be brought to Australia

A non-resident supplier causes goods to be brought to Australia to fill an order and complete the sale of the goods to an Australian manufacturer. The Australian manufacturer also causes the goods to be brought to Australia to use in its manufacturing process, by placing the order with the non-resident supplier. The causing of the goods to be brought into Australia does not, in itself, identify the entity that imports the goods.

If the Australian manufacturer is named as the 'owner' on the import declaration, then they are the importer and not the non-resident supplier.

The Australian manufacturer would be entitled to the GST credit if they are registered or required to be registered for GST and imported the goods for a creditable purpose.

Where an agency arrangement exists

If you authorise an agent to act on your behalf and the agent is named as 'owner' on the import declaration, you must be able to clearly demonstrate that you have an agency arrangement for you to be accepted as the importer.

If you are a:

- resident principal, you are entitled to the GST credit if you are registered or are required to be registered for GST and you imported the goods for a creditable purpose
- non-resident principal, a resident agent is entitled to the GST credit if you are registered or required to be registered for GST and you imported the goods for a creditable purpose
- non-resident principal and your agent is also a non-resident, you are entitled to the GST credit if you are registered or are required to be registered for GST and you imported the goods for a creditable purpose.

Glossary

Agent

A third party you have appointed to enter into transactions on your behalf. The term agent in this context does not extend to the usual service of customs brokers attending to your customs formalities, as they would be acting as a facilitator and not an agent.

Creditable purpose

The purpose for which the goods are imported, that is, goods imported for use in carrying on your enterprise but not for the purpose of a private or domestic nature or that relates to making input taxed supplies.

Customs

The Australian Customs and Border Protection Service.

Taxable importation

Goods that are imported and entered for home consumption (within the meaning of the Customs Act 1901).

Find out about:

- GST and imported goods
- GST– Agent, consignment and progressive transactions
- Selling goods into Australia
- GSTR 2003/15 *Goods and services tax: importation of goods into Australia*
- How we can help

QC 25880

Deferred GST scheme

Check your eligibility and how to apply for the deferred goods and services tax (DGST) scheme.

Last updated 25 June 2024

What is the deferred GST scheme?

If eligible, the deferred goods and services tax (DGST) scheme allows importers to defer payment of goods and services tax (GST) on all taxable imports into Australia.

The DGST scheme allows the GST payable on taxable imports to be paid via your monthly business activity statement (BAS) rather than to the Australian Border Force (ABF) at the time of importation.

Check if you're eligible for DGST

To be eligible to participate in the DGST scheme, you must:

- have an Australian business number (ABN)
- be registered for GST (you can register for GST and apply for an ABN on the one form if you don't already have an ABN)
- lodge your BAS online and pay electronically
- lodge your BAS monthly – if you are currently lodging quarterly, you must change to **monthly GST reporting** before you lodge your application
- ensure the goods or excise-equivalent goods are for home consumption
- if you are a member of a GST group, ensure your nominated representative is registered for the DGST scheme.

When you elect to change from quarterly to monthly lodgment, the change will not take effect until the start of the next quarter. This means you won't be eligible to defer GST on your imports until the start of the next quarter.

You may **not** be eligible if

- your tax return, BAS lodgments, and payments are not up to date
 - for branches and joint ventures, this includes their members
 - for GST groups, this includes their members and the GST Group Representative
- in the past 3 years, you or anyone relevant to the application has been convicted or penalised by a court for specific offences.

How to apply for the deferred GST scheme

If you are eligible and want to apply for the DGST scheme, complete the online **Application for approval to defer GST on imported goods form** (NAT 75136).

The application form allows you to check your eligibility before you apply. If you are eligible, continue your application using the same form.

To complete the form, you must save it to your desktop computer or laptop (with the latest version of Adobe Acrobat installed).

GST group members and representatives

If you are a non-representative member of a GST group, you aren't required to lodge a BAS. However, you may be eligible to apply for the DGST scheme. To be approved your nominated GST group representative **must** also:

- be approved in the DGST scheme, and
- lodge monthly BAS online.

GST deferred by non-reporting GST group members will be accounted for on the GST group representative's BAS.

Court convictions or penalties

You may not be eligible to participate in the DGST scheme if, in the past 3 years, you or anyone relevant to the application has been convicted or penalised by a court for offences in relation to:

- taxation requirements
- customs requirements
- the inaccurate description of goods
- trade practices
- fair trading
- defrauding of a government.

You must state in your application if you or anyone relevant to the application has been convicted or penalised by a court for any relevant offences. We may ask for additional information about the nature of the offence or penalty before making a decision about your application.

People relevant to the application include public officers, directors, office bearers, partners, and trustees of the applicant organisation.

Deferred GST obligations

If you participate in the DGST scheme, you must meet the following requirements:

- Lodge and pay your BAS online via

- Online services for business
 - Standard Business Reporting (SBR)-enabled software
 - your registered tax or BAS agent – lodging on your behalf using Online services for agents
 - ATO online services for individuals and sole traders – using your myGov account.
- Lodge on time – if you don't lodge on time, you may be withdrawn from the DGST scheme.
 - Keep up to date with payments – if you default from a payment plan, you may be withdrawn from the DGST scheme.

Adjustments to deferred GST at label 7A

If you identify an error in the pre-filled DGST amount at label 7A on your BAS and need to request an adjustment, you will first need to contact either:

- your customs broker
- the ABF.


Correcting a finalised import declaration


Your import declaration is classed as finalised when:

- the ABF releases the goods to the owner after taxes (including GST) have been paid
- you are enrolled for the DGST scheme and the GST has been deferred.

To correct any errors you will need to amend your finalised import declaration in the Integrated Cargo System.

For more information, see the following sections of the abf.gov.au website:

- [Deferral of GST when importing goods](#) , sections:
 - How does the Integrated Cargo System handle the deferral of GST
 - Which entries are captured in the deferred GST amount passed to the ATO

- [Voluntary disclosures](#) , section:
 - Amendments to declarations within the Integrated Cargo System (ICS) and thresholds for single manual payment requests.



When to adjust your BAS

You don't need to contact us to make an adjustment on your BAS when you amend an import declaration that either:

- increases the amount of DGST
- reduces the amount of DGST in the same month the original declaration was finalised.

You must contact us when you amend an import declaration that reduces the amount of DGST for a declaration finalised in a previous month. Do this after your amendment has been finalised by the ABF. Send us your PWA request via **Online Services** with:

- separate requests for each BAS period (multiple adjustments can be requested within the same period)
- a copy of the latest amended version of the Import declaration or an Integrated Cargo System GST Deferral Report outlining all adjustments made
- the expected total of all adjustments
- confirmation if you have claimed the original amount of DGST as an input tax credit at label **1B** when the BAS was first lodged.

For more information about [deferral of GST](#)  and [GST and other taxes](#) , see the ABF website.

Deferred GST calculation

If you have deferred the GST on a taxable import, and the goods will be used in your business and not for making input taxed supplies, you are able to claim a GST credit for the amount of GST that has been deferred.

On each monthly BAS, when you are entitled to a full GST credit for the taxable import, you should be claiming the full amount of the deferred GST as a credit on your BAS at label 1B (matching the pre-filled DGST amount at label 7A). The liability for DGST should always be offset on the BAS for the same month.

Example: deferred GST calculation

Sarah is a computer wholesaler who imports computers and then sells to computer retailers. She is approved for DGST on imports.

Sarah imports some computers with a cost of \$20,000. The DGST on this shipment is \$2,000. She makes other business purchases in Australia of \$16,500, which includes a total of \$1,500 GST.

Sarah makes \$33,000 worth of computer sales to retailers during June. This includes \$3,000 of GST collected (these computers are a combination of existing and new stock).

Sarah completes her June monthly BAS as follows:

Sarah's BAS for June

BAS label	Dollar amount	BAS label	Dollar amount
Label G1 – total sales	\$33,000	Label G11 – non-capital purchases# (Simpler BAS clients don't need to complete Label G11)	\$38,500
Label 7A – deferred GST Prefilled by the ATO	\$2,000	-	-
Label 1A – GST on sales	\$3,000	Label 1B – GST on purchases*	\$3,500
Label 8A	\$5,000	Label 9 – payment (Label 8A less Label 1B)	\$1,500

* Sarah's **GST on purchases** (Label **1B**) is the total of the GST she pays on her Australian purchases and her claim for her DGST amount (\$2,000 + \$1,500).

Sarah's **total purchases** (Label **G11**) are the total of her Australian purchases and the importation, including GST (\$16,500 + \$22,000).

Revoking the deferred GST scheme

To continue to benefit from deferring your GST, make sure your tax obligations are up to date and meet the DGST approval requirements. If you don't, you'll no longer be part of the DGST scheme.

This means:

- the ABF will keep your goods until you pay the GST
- you'll have to register for the DGST scheme again.

QC 17118

GST and imported goods

Describes how and when GST is payable on imports, payment deferral, how to claim GST credits, and importation evidence.

Last updated 13 May 2024

How GST applies to imported goods

Goods and services tax (GST) is payable on most goods imported into Australia (taxable importations).

GST on a taxable importation is payable by businesses, organisations and private individuals, whether they are registered for GST or not. However, if you are a GST-registered business or organisation and you import goods as part of your activities, you may be able to claim a **GST credit** for any GST you pay on those goods.

Paying GST on imported goods

The Department of Home Affairs collects GST on taxable importations. The GST payable is 10% of the value of the taxable importation.

The value of taxable importation is the sum of:

- the customs value of the goods
- any customs duty payable
- the amount paid or payable to transport the goods to their place of consignment in Australia
- the insurance cost for that transport
- any wine tax payable.

Generally, GST is payable before the goods are released by Home Affairs. If you are not registered under the deferred GST scheme then the GST is payable at the same time, at the same place, and in the same manner as you would customs duty (or would be payable if the goods are subject to customs duty).

Deferring the payment of GST on imported goods

If you are an importer and are registered for GST, you may be able to defer the payment of GST by participating in the **deferred GST scheme**.

The scheme allows you to defer the payment of GST on taxable importations until the first activity statement you lodge after the goods are imported. You will have to meet certain criteria to be eligible to participate in the scheme.

When an assessment is made on imported goods

For taxable importations made on or after 1 July 2012, an assessment of GST, luxury car tax (LCT) or wine equalisation tax (WET) payable is made when the declaration has been received by Home Affairs and they have provided a declaration advice. Together these documents form the assessment notice.

Similarly, activity statements for tax periods starting on or after 1 July 2012 are treated as assessments when you lodge them. A period of review in which amendments can be made applies for these assessments.

If the payment of GST on importation is deferred to the next monthly activity statement, it does not form part of the net amount on that activity statement.

The deferred GST amount forms part of the assessment made on the importation of the goods. The period of review applies from when the assessment on importation is made, not the assessment for the period in which the deferred amount is payable.

Non-taxable importations

Some goods imported into Australia are not subject to GST.

These are goods that:

- would have been GST-free or input taxed if supplied within Australia such as
 - basic food
 - certain medical aids and appliances
 - cars for use by certain people with disabilities
 - precious metals
- qualify for certain customs duty concessions.

Subject to any relevant by-laws, goods that qualify for certain customs duty concessions and are also non-taxable for GST include the following items from schedule 4 to the *Customs Tariff Act 1995*:

- item **4** – calendars, catalogues, overseas travel literature, overseas price lists or other overseas printed matter
- item **10** – goods that are owned by the government of a foreign country, for the official use of that government, and are not to be used for purposes of trade
- item **11** – goods that are for use by or for sale to persons who are the subject of a Status of Forces Agreement between the government of Australia and the government of another country
- item **15** – goods
 - imported by passengers, ship or aircraft crew; goods that are the property of a person who has arrived in Australia on an

international flight; goods purchased by persons from an inwards duty free shop

- brought or sent into Australia by members of the Defence Force stationed outside Australia
- imported by members of the New Zealand, Canada or United Kingdom forces
- passengers' personal effects, furniture or household goods
- item **18** – goods returned to Australia after repair or replacement, free of charge under warranty or supplied as part of a product safety recall
- item **21** – goods imported for repair or alteration then exported
- item **21A** – goods imported by the holder of a Tradex order under the *Tradex Scheme Act 1999*
- item **23** – certain donated or bequeathed goods by an entity or organisation outside Australia to an organisation established in Australia
- item **24** – will or intestacy goods that are not for sale
- item **25** – trophies won outside Australia; or decorations, medallions or certificates awarded outside Australia; trophies or prizes sent by donors resident outside Australia for presentation or competition in Australia
- item **26** – goods, other than tobacco, alcohol and bulk orders, with a value less than an amount prescribed by by-law (currently at or below \$1,000)
- item **27** – samples of negligible value (value as prescribed by by-law).

Taxable supplies and low value imported goods

Sales of goods that are to be imported into Australia that have a customs value at or below \$1,000 can be non-taxable importations (see item [26](#)).

However, the supply of low value goods into Australia can be a taxable supply if the supply is connected with Australia.

Supplies of imported goods

If you are the supplier of imported goods, your supply will be connected with Australia if one or more of the following applies:

- You import the goods.
- You install or assemble the goods in Australia.
- Your agreement to sell the goods occurs after the goods have been imported.
- You have purchased the goods that you are selling from the importer of those goods and on-sell the goods within Australia.

The following example looks at imported goods supplied under a trial period, where it is a non-taxable importation but it is likely to be a taxable supply.

Example: goods posted from overseas

Hot Gadgets, an Australian supplier registered for GST, offers a new 'Magic Sweeper' at an introductory price of \$259 through its call centre.

Hot Gadgets are offering customers a 30 day trial period to try the magic sweeper before purchase. Under the terms and conditions the prospective customer is under no obligation to purchase the sweeper until the 30 day trial period has expired. If the sweeper is returned before the end of the trial period, no payment is required.

Hot Gadget's factory and warehouse are based in Hong Kong and all orders are processed and posted directly to prospective customers from overseas. The goods have a value of less than \$1,000 and; therefore, will be a non-taxable importation unless ordered in bulk.

At the end of the 30 day trial period, if the goods have not been returned, Hot Gadget's customer has then purchased the goods and Hot Gadgets will charge the customer's credit card.

The purchase of the goods has occurred after the goods were imported; therefore the supply is connected with Australia. Hot

Gadgets makes a taxable supply if all the other elements of the taxable supply rules are met.

If the customer pays at the time of order then this will indicate that the supply has been committed to at the time of making the order. This would not be a trial period arrangement even if the customer is entitled to return the goods within 30 days.

See also:

- **GSTR 2018/2 – Goods and services tax: supplies of goods connected with the indirect tax zone (Australia)**
- **Taxable sales – Sales connected with Australia.**

Importers of low value goods

You are the importer of low value goods if both of the following apply:

- You have caused the goods to be brought to Australia for your own purposes.
- You or your agent have completed the customs formalities or would be responsible for the customs formalities.

Generally you will be regarded as the importer of goods when:

- you order goods either via a website, phone, or in-store from an Australian retailer
- you accept the retailer's terms and conditions to be responsible for any customs formalities
- the goods are sent from overseas to you in Australia.

Own purposes

You have caused goods to be brought to Australia if the goods were brought to Australia for application to your own purposes after importation.

You use goods for your own purposes if you sell, lease or hire the goods, use the goods as trading stock or use the goods in the manner consistent with their design or nature.

Customs formalities

If goods are sent to Australia by international post, the addressee on the low value goods will generally be the entity that Home Affairs is authorised to release those goods to. In this instance, the addressee will be the entity who would complete the customs formalities or be responsible for doing so.

If low value goods are sent to Australia by air or sea cargo arrangements, the goods would generally be released to the ultimate consignee.

A freight forwarder or logistics company would not normally be the ultimate consignee. The ultimate consignee would normally be the purchaser unless the seller nominates themselves as the ultimate consignee. In this instance, the ultimate consignee will be the entity who has completed the customs formalities or would be responsible for doing so.

Claiming GST credits on taxable importations

You are entitled to claim a GST credit for goods you import if all of the following apply:

- You make a taxable importation.
- You are registered for GST.
- You import the goods for a creditable purpose.

You can claim GST credits on imported goods in the activity statement relevant to the tax period in which you pay the assessed GST on the import of those goods.

Evidence of GST paid on importation

Before you can claim a GST credit, you must have documentation showing the goods have been imported and GST was either paid or deferred at the time the goods were entered for home consumption.

Goods are entered for home consumption by completing an import declaration and submitting it to Home Affairs. When the customs duty and GST has been paid, Home Affairs release the goods for use in Australia.

If you use an intermediary to complete the customs formalities – for example, a licensed customs broker – they can either:

- provide you with documents from Home Affairs
- agree to keep the documents on your behalf and provide them when needed.

You must not claim a GST credit if you do not hold relevant documentation or have ready access to that documentation.

The following are examples of acceptable documentation to show that the goods have been imported and entered for home consumption.

Home Affairs requires an import declaration for goods to be entered for home consumption. There are two types of import declarations that can be used to enter goods for home consumption – they are both relevant for GST credits:

1. Import Declaration: N10

This document provides details of values and charges for the imported goods that are initially entered for home consumption, and includes details of deferred GST and total payable amount.

2. Import Declaration (out of warehouse): N30

This document provides details of values and charges for the imported goods that are entered for home consumption when they are cleared out of a customs licensed warehouse. This document also includes details of deferred GST and total payable amount.

Home Affairs provides an official receipt for payments received, including details of total payable GST.

As an importer either you or your customs broker/agent need to keep the relevant import declaration. The status of the declaration needs to be 'finalised'. You also need to keep the related matching official receipt from Home Affairs (this document contains details of total amount paid).

See also:

- [GSTR 2003/15 – Goods and services tax: importation of goods into Australia](#)
- [How we can help.](#)

GST and international freight transport

Check information about GST and international freight transport.

Last updated 9 March 2016

This section covers GST and international freight transport of goods for:

- suppliers of international transport and associated services
- subcontractors providing transport and associated services within Australia
- importers
- exporters.

It does not include information on the international transport of postal goods.

Inbound transport for importing goods

The international transport of goods (including the arranging of such services) is GST-free from a place outside Australia to the place of consignment in Australia for a supplier of that transport into Australia. 'Place of consignment' is defined in the GST law and is generally determined by the agreement between the entity responsible for delivering the goods to Australia and its contractual counterparty (overarching agreement). The overarching agreement would be:

- The sale of goods agreement if the seller is responsible for delivering the goods to Australia;
- The buyer's agreement with a transport supplier (or forwarder) if the buyer is responsible for transporting (or arranging for the transport) of the goods from the country of export to Australia; or
- In circumstances where there is no overarching agreement (for example, self-transport), the port or airport of final destination.

Loading, handling and facilitation services (associated services) provided during the course of the international transport are GST-free

where those services are:

- Provided to a non-resident recipient who is not in Australia when the supply is made; or
- Supplied by the supplier of the international transport service.

In relation to an inbound move, the place of consignment determines the extent to which transport and associated services are:

- GST-free
- Included in the taxable value of the imported goods (i.e. the base upon which GST payable on importation is calculated).

International Transport suppliers

It is unusual for entities that physically transport goods internationally (such as international air and shipping lines) to hold, or have access to, the relevant overarching agreement described above. That being the case, the ATO accepts that international air and shipping lines should use their contracts for international carriage (i.e. Airway Bills and Bills of Lading, respectively) to determine the place of consignment under the GST law. In these circumstances, the ATO allows shipping and airlines to assume that the place of consignment is at the terminal gate of the port or airport of discharge as specified on the relevant Bill (Bill of Lading or Airway Bill).

In some circumstances the relevant Terminal Gate could be situated at an inland port or airport. For example, some sea freight movements involve a subsequent leg of transport either to an inland port or another seaport. As long as that port is the nominated port of discharge on the relevant Bill then that place will be the relevant Terminal Gate and therefore the place of consignment.

This means that the transport and handling of goods (including issuing and processing documentation) at or up to the terminal gate at the port or airport of discharge, made by the supplier under the contract for international carriage, will be GST-free as these services are made at, or prior to, the place of consignment.

Can the services of an international airline or shipping line after the terminal gate at the port of discharge be GST-free?

Yes, but in these circumstances the ATO expects that the international airline or shipping line to hold, or seek access to, the relevant overarching agreement that verifies that the place of consignment is beyond the terminal gate of the port of discharge.

Subcontractors and forwarders who do not bring the goods to Australia

Subcontractors and forwarders who provide (or arrange) transport and related services within Australia to another Australian entity, and do not provide (or arrange) the international transport of goods, will make a taxable supply of their respective services. Where those services form part of the international transport of goods they will be GST-free.

Subcontractors and forwarders who provide (or arrange) domestic transport and associated services to a non-resident who is not in Australia when the services are provided, make a GST-free supply where those services form part of the international transport of goods.

Services provided by an Australian supplier to an Australian customer after the place of consignment will generally be taxable.

Suppliers who arrange for goods to be brought to Australia

Forwarders, brokers, removalists and express couriers are often engaged by an Australian entity (such as the buyer or owner of the goods) to provide or arrange the transport of goods (and associated domestic services) from a location outside Australia to a location in Australia. The supply of these services by the entity providing or arranging the international transport should be GST-free as the place of consignment will generally be the place specified on the contract between the supplier (i.e. the forwarder, broker or courier) and the Australian counterparty (see example 1 and 2).

However, the ATO recognises that many forwarders and brokers cannot comply with these rules without incurring significant compliance costs. In particular, the ATO understands that:

- the systems and processes used by many forwarders and brokers do not have the capacity to distinguish domestic services provided to Australian importers when the forwarder or broker did not arrange to bring the goods to Australia (which would be taxable) from the same domestic services provided to the same customers

when the forwarder or broker did arrange to bring the goods to Australia (which would be GST-free); and

- brokers cannot accurately determine the value of domestic services to include in the value of a taxable importation of goods at the time the goods are entered for home consumption.

Consequently, in relation to the international inbound movement of goods where a forwarder or broker is engaged to arrange for the transport of goods from a location outside Australia to a location in Australia, the ATO will allow the forwarder or broker to treat the place of consignment as the port or airport of discharge specified on the contract between the supplier (i.e. the forwarder or broker) and its Australian customer. The domestic services provided (or arranged) by the forwarder or broker in these circumstances may be treated as taxable supplies and as such, should not form part of the value of the taxable importation of the relevant goods (see example 3).

Will a GST registered customer be entitled to a GST credit if the supply is treated as a taxable supply but could be GST-free?

Where a GST registered customer of the forwarder or broker is charged GST in these circumstances, the customer will be entitled to a credit for the GST amount payable and shown on the tax invoice to the extent entitled.

An exception to this is where the GST registered customer of the forwarder or broker could have been reasonably expected to know that the freight forwarder did not pay the GST to the Commissioner.

Value of the taxable importation includes GST-free amount

The value of the taxable importation of goods should include the following:

- The customs value of the goods
- The amount paid or payable to:
 - transport and insure the goods to the place of consignment in Australia;
 - load, handle and facilitate the transport of goods up to the place of consignment, provided the amount is not reflected in the cost

of transport or customs value; and

- Any customs duty and wine equalisation tax that may be payable.

If the domestic services provided (or arranged) by the forwarder or broker are treated as a taxable supply to the importer (or entity making the taxable importation if a different entity), these amounts do not need to be included in calculating the value of the taxable importation (see example 3).

See also:

- GST definitions

Example 1: A non-resident seller agrees to deliver goods to Australia

A Swiss bicycle store sells and agrees to deliver bicycle frames to a buyer in Horsham, Victoria. Global Transporters, a non-resident freight forwarder that has no presence in Australia, is contracted by the Swiss vendor to transport the frames to Horsham. Global Transporters engages Ships International, an international shipping line, to transport the frames to the Port of Melbourne (being the port of discharge) on a freight pre-paid basis. Global Transporters contracts Ossie Freight Forwarder to provide (or arrange) the Australian services necessary to deliver the goods to the recipient's premises in Horsham.

Global Transporters' supply is GST-free as:

- The Horsham address is the place of consignment for the purposes of the international transport of the frames; and
- Global Transporters is the entity engaged by the vendor to arrange for the transport of the goods to Australia.

To the extent Ships International's transport services are connected with Australia, its supply is entirely GST-free as it supplies the international transport of the goods and its services are made prior to the place of consignment. In these circumstances, Ships International:

- Will charge Global Transporters for ocean freight and all services provided at the ports of origin and destination;

- Will not have access to the relevant sale of goods contract between the vendor and the Victorian purchaser; and
- Is entitled to assume the Port of Melbourne, being the port of discharge specified on the Bill of Lading, is the place of consignment for its services.

This means that Ships International will not include GST in its charges to Global Transporters.

Ossie Freight Forwarder's transport supply to Global Transporters is GST-free as it:

- forms part of the international transport of the frames as the services occur at, or prior to, the place of consignment; and
- is made to a non-resident who is not in Australia when the supply of its services are made.

If Ossie Freight Forwarder engages a subcontractor to transport the frames to the Horsham address, the subcontractor will make a taxable supply to Ossie Freight Forwarder.

The value of the taxable importation of the goods should include all the charges made by Global Transporters to the vendor to transport the goods from the port of origin to Horsham.

This example would equally apply (with the appropriate changes) if the goods were shipped as air freight under similar terms and circumstances.

Example 2: A resident buyer takes delivery of goods outside Australia where the place of consignment is the buyer's premises

Matthew's Toy Shop ("Matthew") purchases a shipment of games and toys from China on FOB terms. Under these terms, the non-resident vendor agrees to deliver the goods to an airline at a named airport in China. Matthew assumes all risk of loss or damage from the time the goods are delivered to the airport in China.

Matthew contracts Ossie Express Couriers to transport the goods from China to his shop in Canberra. It is this contract that determines the place of consignment.

The supply by Ossie Express Couriers is GST-free (assuming its systems can treat the supply as such), as it is the entity contracted to bring the goods to Australia and the place of consignment is Matthew's shop in Canberra, being the place of dispatch set out in its contract with Matthew to transport the goods to Australia.

Under the contract between Ossie Express Couriers and the Chinese airline, the games and toys will be shipped to Sydney International Airport. This supply by the Chinese airline is also entirely GST-free as the airline has transported the goods to Australia under its contract with Ossie Express Couriers.

The amount charged by Ossie Express Couriers to Matthew should be included in the value of the taxable importation of the goods, in these circumstances.

Example 3: A resident buyer takes delivery of goods outside Australia and the Australian forwarder treats the place of consignment as the local port

Using the same facts as example 2 with the notable exception that:

- Ossie Freight Forwarder's systems and processes cannot treat the supply of domestic services in these circumstances as GST-free; and
- The broker engaged by Ossie Freight Forwarder cannot accurately determine the value of the domestic services prior to the goods being entered for home consumption.

The GST implications are as follows:

- Ossie Freight Forwarder may treat the supply of services in Australia (that is, all services provided to Matthew after the aircraft turns off its engines at Sydney airport) as taxable supplies;
- Ossie Freight Forwarder should treat the supply of international air freight as GST-free;
- Only the amount charged by Ossie Freight Forwarder to Matthew for international air freight should be included in the value of the taxable importation of the relevant goods;

- Matthew should be entitled to claim an input tax credit for the GST charged by Ossie Freight Forwarder for the Australian services, provided it is registered for GST purposes and the goods were acquired for a creditable purpose; and
- The supply by the Chinese airline should remain GST-free.

This example would equally apply (with the appropriate changes) if the goods were shipped as ocean freight under similar terms and circumstances.

Outbound transport for exporting goods

The international transport of goods (including the arranging of such services) is GST-free from the place of export in Australia to a destination outside Australia.

The place of export is defined in the GST law. The place of export for goods (not being postal articles) to be packed in a freight container will generally be the last place from which the goods to be exported were collected or delivered, prior to being so packed; however if the goods were packed where they were produced the place of export is where they are packed.

The place of export determines the extent to which transport and services associated with the export of goods from Australia, will be GST-free.

Subcontractors who do not take the goods out of Australia

Subcontractors and forwarders who provide (or arrange) transport and associated services within Australia to another Australian entity, and do not provide (or arrange) the international transport of goods will make a taxable supply of their respective services.

Australian subcontractors who provide services to non-resident customers (who are not in Australia when the services are provided) and those services form part of the international transport of goods from Australia by the customer, will make a GST-free supply. Supplies of loading, handling and other services that facilitate the international transport of goods, are also GST-free when made to a non-resident who is not in Australia when the services are provided.

Forwarders, brokers and removalists who arrange for goods to be transported out of Australia

Forwarders, brokers, express couriers and removalists are often engaged by an Australian entity to provide or arrange the transport of household goods and personal effects/unaccompanied personal effects (HHGPE/UPE) (and associated domestic services) from a location in Australia to a location outside Australia. The supply of these services by the entity providing or arranging the international transport should be GST-free from the place of export to the location outside Australia.

However, services not associated with the transport of goods to a location outside of Australia are not GST-free. For example services by a removalist in cleaning a house or extended storage costs (generally greater than 90 days) are not services associated with GST-free transport and are therefore not GST-free.

Example 4: Outbound removalist

Stan is registered for GST and operates an international removalist company that undertakes or arranges the Australian and international legs of international moves.

Jessica lives in an apartment in Sydney and stores some of her belongings in a nearby storage facility. Jessica contracts Stan to transport her household items from her current residence and the storage facility to a location in London, to supply (or arrange) insurance for the transport of the goods, store the goods for 30 days prior to export, and to clean her apartment. Stan collects Jessica's goods and moves them in a truck to his depot where they are stored and placed in a freight container 30 days after collection. The goods are stored for 30 days to allow enough time for Jessica to organise a place in London.

The place of export is the place the goods were collected (both Jessica's residence and the storage facility). Stan's supply to Jessica in packing and transporting her household goods from her Sydney residence and the storage facility to the place of delivery in London is GST-free. However, the supply of cleaning services is not GST-free as these services do not facilitate the supply of GST-free transport.

Forwarders, brokers and removalists who handle goods transported into Australia

Australian resident international movers are engaged by foreign removalists to have HHGPE examined by Department of Agriculture and Water Resources (DAWR) in bonded storage for quarantine purposes.

DAWR charge the importer (via the local entity) for the time spent conducting the inspection and entering data into the DAWR computer system. DAWR's supply is non-taxable. The local entity will provide assistance to the DAWR officer by way of moving, opening and resealing packages for inspection. This is a clearance and delivery service made by the local entity.

The cost to the importer is split 50% for DAWR inspection and 50% for the assistance by the local entity.

Where the local entity bills the quarantine inspection charges and the clearance and delivery charges back to the non-resident mover the services are GST-free.

Example 5: Inbound personal effects

Tate, an Australian resident living overseas, is returning to Australia. In order to bring his household goods and personal effects back to Australia he engages TSM International Removalists (TSM), a non-resident removalist that has no presence in Australia. TSM contracts with PCB Removals (PCB), an Australian based mover, to arrange destination services in Australia, which include customs clearance, quarantine clearance and delivery to Tate's residence.

PCB arranges for the customs clearance and quarantine inspection service to be conducted at their bond store in Australia. The charges relating to the quarantine inspection will be GST-Free as PCB is engaged by TSM to undertake destination services which it (TSM) is obligated to provide to Tate under the terms of the international transport contract.

Tate will be in Australia before the arrival of his personal effects. As a result TSM advised Tate to pay the quarantine charges when billed for the service in Australia. The quarantine inspection

charge will retain its GST-Free character as it is still part of the over-arching international transport contract.

See also:

- GST definitions
- GSTR 2000/37 Goods and services tax: agency relationships and the application of the law
- How can we help

QC 23139

Reverse charge GST on offshore goods and services purchases

How to account for goods and services tax (GST) and apply reverse charge GST on purchases from offshore.

Last updated 26 July 2022

What is reverse charge GST

There are some circumstances where GST is paid by the purchaser. This is called a 'reverse charge'.

Reverse charge is required on some offshore purchases, even though you are the purchaser and even if the sale would not normally be subject to GST. You may also choose to pay GST for purchases, even though you are the purchaser.

The amount of the reverse-charged GST is 10% of the price of the purchase.

For more information, see:

- Reverse charge in the precious metals industry
- GST Act Chapter 4: 84-10 *Reverse charge' on offshore intangible supplies.*

Requirement to reverse charge GST

You are responsible for making a reverse charge GST payment if an offshore purchase falls under the reverse charge rules.

Reverse charge rules

Things (other than goods and real property) may be subject to GST when your Australian business purchases them and they are:

- done outside Australia or
- made through a business carried on by a seller outside Australia.

In these circumstances you are liable to pay the GST, even though you are the purchaser and even if the seller would not be required to pay GST on the sale.

Applying the reverse charge rules

The reverse charge rules apply if the purchase meets both the [conditions](#) and [circumstances](#) outlined below.

Conditions of the purchase

The reverse charge rules apply if all of the following circumstances are present:

- you purchase a thing solely or partly for the purpose of a business that you carry on in Australia
- your purchase is partly of a private or domestic nature or relates partly or solely to making input taxed supplies
- the sale to you is for payment
- you are registered or required to be registered for GST.

From 1 July 2017, if you are registered, or required to be registered, for GST and misrepresent your status as an Australian consumer in respect of your purchase of services and intangibles, you may be liable for GST on the sale to you under the application of the reverse charge rules.

Circumstances of the purchase

You are liable for GST under the reverse charge rules if one or more of the following circumstances occurs:

- the thing you purchase is done or performed outside Australia and the sale to you is not made through a business that the seller carries on in Australia
- the sale is 'connected with Australia' because the thing you purchase is a right or option to acquire another thing, and the sale of that other thing would be 'connected with Australia'
- the sale to you is not made through a business that a non-resident seller carries on in Australia and
 - the thing you purchase is done or performed in Australia
 - you are an Australian-based business recipient.

You are not required to pay GST on any portion of the purchase that would have been GST-free or input taxed if the thing you purchased had been done or performed in Australia.

There are some cases where a non-resident seller makes sales through a resident agent with an agreement in place that the sales will continue to be **connected with Australia**. This results in the agent being liable for GST. In this instance, **the agent** or the seller will notify you.

Offshore supplies of low value goods

From 1 July 2018, you may be liable for GST under a reverse charge rule if you purchase **low value goods**, which are brought into Australia with the assistance of the seller or another party treated as being the seller. The sale of these goods to you under the relevant circumstances is referred to as an **offshore supply of low value goods**.

Goods imported are **low value goods** if they have a value of \$1,000 or less and they are not tobacco, tobacco products or alcoholic beverages.

You are liable for GST under this reverse charge rule in the following circumstances and where the following requirements are satisfied:

- you purchase goods and the sale of the goods to you is an **offshore supply of low value goods**
- the sale of the goods to you is not connected with Australia

- you purchase the goods solely or partly for the purpose of a business that you carry on in Australia
- your purchase is partly of a private or domestic nature or relates partly or solely to making input taxed supplies
- you are not liable to pay GST on the importation of the goods
- you are registered or required to be registered for GST

You are not required to pay GST on any portion of the purchase that is GST-free or input taxed.

From 1 July 2018, if you are registered or required to be registered for GST and misrepresent your status as a **consumer** in respect of your purchase of low value goods, you may be liable for GST on the sale to you. You are a **consumer** if you are not registered for GST or you do not acquire the goods solely or partly for the purposes of a business that you carry on in Australia.

Transfers between your branches

If you carry on a business in Australia and you also carry on either that or another business outside Australia, you are making a sale to your Australian business that is not connected with Australia if:

- you transfer anything from the business outside Australia to the business in Australia
- your business outside Australia does anything for the business in Australia.

Even though this transfer is taken to be a sale that is not connected with Australia, you are liable to pay GST on the transfer if you meet the [conditions of the purchase](#). The price of the transfer must be the same as the price used for income tax transfer pricing purposes.

Example

ABC Pty Ltd acquires, through its overseas branch, the right to use a particular copyright in Australia. That right is then transferred to its branch in Australia.

The transfer is taken to be a supply that is not connected with Australia and, if the other requirements of the reverse charge rules are satisfied, the transfer is subject to GST.

This does not apply to transfers of the services of an employee when any payments made by the business in Australia to the business outside Australia for the employee's services would be withholding payments (for income tax purposes) if they were made directly from the business in Australia to the employee.

For example, an offshore business sends one of its employees to work in the Australian business for a period of time and the Australian business pays an amount reimbursing the offshore business for the employee's salary for the period. This payment would not be subject to the GST reverse charge under the rules about transfers between branches.

GST Act Chapter 4: 84-15 *Transfers etc between branches of the same entity* provides more detailed information.

Linkage to tax governance

For best practice recommendations on the application of reverse charge rules and linkage to tax governance, see **Application of the reverse charge provisions**.

Sales for no consideration or insufficient consideration between associates

A sale without consideration that is made between associates can also be a taxable sale if the requirements of the reverse charge rule are satisfied.

Where a sale for no consideration is a taxable sale that is reverse charged to you, the value of the sale is the GST exclusive market value of the sale. Similarly, if the consideration for a sale is less than its GST inclusive market value, the value of the sale is its GST exclusive market value.

Employee share schemes

Certain supplies relating to employee share schemes are exempt from the reverse charge rules. **GST Act Chapter 4: 84-14** *Supplies relating to employee share ownership schemes* provides more information.

GST credits

You may be able to claim a partial GST credit for the purchase on which you had a GST reverse charge liability.

You cannot claim a GST credit if:

- the purchase relates to making sales that would be input taxed
- the purchase is of a private or domestic nature
- you do not provide or are not liable to provide payment for the purchase. However, special rules apply to a sale for no consideration between associates that is a taxable sale because of the reverse charge rules.

You do not need to hold a tax invoice to claim the amount of the GST credit claimed on a reverse charge or acquisition from an associate.

Choosing to reverse charge GST

You may agree with a non-resident seller to pay the GST on a sale to you, rather than the seller pay the GST. This applies if:

- the non-resident seller does not make the sale to you through a business they carry on in Australia
- you are registered or required to be registered for GST
- you agree with the non-resident seller that the GST is payable by you
- you are not required under the [reverse charge rules](#) to pay GST on the sale
- the sale to you is not made through a resident agent of the non-resident seller.

GST credits

You may be able to claim a GST credit for the purchase.

However, you cannot claim a GST credit if:

- the purchase relates to making sales that would be input taxed
- the purchase is of a private or domestic nature

- you do not provide or are not liable to provide payment for the purchase.

You do not need to hold a tax invoice to claim this GST credit.

Completing your business activity statement (BAS)


To report and correctly complete your BAS:

- Report at **G1** (total sales) the amount you paid or are liable to pay for the purchase to which the GST reverse charge applies, multiplied by 1.1.
- For sales without consideration or insufficient consideration that are made between associates to which the GST reverse charge applies, report at **G1** (total sales) the GST exclusive market value for the purchase, multiplied by 1.1.
- If you are using the accounts method, report at **1A** (GST on sales) the GST you are liable to pay for the purchase to which the reverse charge applies.
- If using the calculation worksheet method, use the worksheet to work out how much GST to report at **1A**.
- Report at **G10** (capital purchases) or **G11** (non-capital purchases) the amount you paid or are liable to pay for the purchase, multiplied by 1.1.
- For sales without consideration or insufficient consideration that are made between associates to which the GST reverse charge applies, report at **G10** (capital purchases) or **G11** (non-capital purchases) the GST inclusive market value for the purchase, multiplied by 1.1.
- If you are using the accounts method, report any GST credit you are entitled to claim for the purchase at **1B** (GST on purchases).
- If using the calculation worksheet method, use the worksheet to work out how much GST credit to report at **1B**. For this method, you may need to report amounts at either **G13** (purchases for making input taxed supplies) or **G15** (estimated purchases for private use or not income tax deductible), in order to calculate the correct amount of GST credits to report at **1B**.

Common GST errors – importing or exporting goods and services

Common GST errors made by businesses who import or export goods and services in Australia.

Last updated 7 August 2019

For GST luxury car tax and wine equalisation tax purposes, from 1 July 2015, where the term 'Australia' is used in this document, it is referring to the 'indirect tax zone' as defined in subsection 195-1 of the [A New Tax System \(Goods and Services Tax\) Act 1999 \(GST Act\)](#) .

If you run an enterprise that imports or exports goods or services in Australia then there are a few things you should know about your GST obligations. Our compliance activities tell us that most errors are made by small to medium businesses.

- incorrectly accounting for the [on-sale of imported goods](#)
- GST liability for [installing and assembling imported goods](#)
- [incorrectly classifying exports](#)
- [non-residents and non-deductible expenses](#)
- making a [voluntary disclosure](#) if you have made an error.

On-sale of imported goods

GST is payable on most goods imported into Australia. If the goods are subject to GST on importation, you are required to pay GST to the Department of Home Affairs before the goods are released. This is unless you are part of the deferred GST scheme.

We have identified GST-registered taxpayers that have not accounted for the on-sale of imported goods on their business activity statement (BAS).

When imported goods are on-sold, you are required to report the sale and account for the GST even if you have paid GST on the importation.

The on-sale is to be reported on your BAS and GST is payable, unless the supply is GST-free or input taxed.

If you are registered for GST and import the goods for a creditable business purpose, you can claim an input tax credit for the creditable importation.

Installing and assembling imported goods

There may be instances where an overseas business will incorrectly charge GST on importations where they install or assemble goods.

A supply of goods to an Australian business where the supplier installs or assembles the goods in Australia, but does not import the goods into Australia, is not connected with Australia for non-resident suppliers. Therefore, the non-resident supplier will not be subject to GST on these transactions.

See also:

- GST treatment of cross-border transactions between businesses
- International taxation of goods and services supplied to Australia

Incorrect reporting of warehoused goods by overseas suppliers

Goods that are imported and then warehoused in Australia for later sale to Australian consumers are connected with Australia and subject to GST, unless they are sales of goods classified as GST-free.

Typically this occurs when a non-resident business imports goods to Australia and has them warehoused by a third party logistics provider in Australia for sale at a later date. The non-resident business sells the product to an Australian consumer through their websites, electronic distribution platforms or third parties. The goods are then delivered to the consumer from the warehouse within Australia.

Where goods are on sold and are taxable supplies, the GST is required to be included in the sale price and paid to us. A GST shortfall occurs when GST is not charged by the non-resident supplier to the consumer when they are required to be registered for GST.

If you are a non-resident business who supplies goods already warehoused in Australia, you need to consider whether you have GST

obligations and entitlements.

In these circumstances you need to:

- determine if you are required to register for GST
- determine the type of registration that best suits you.

If you register for GST or are required to be registered you also need to

- include GST in the price you charge for supplies that are subject to GST
- determine if you are eligible to claim GST credits
- report and pay GST amounts to us.

We're here to support you, however, we expect you to take reasonable steps to meet your GST obligations. If you still find that you need assistance please contact us on **13 28 66** from 8.00am and 6.00pm Monday to Friday.

Find out about:

- Incorrect reporting of warehoused goods by overseas suppliers – Chinese Simplified
- Incorrect reporting of warehoused goods by overseas suppliers – Chinese Traditional
- Incorrect reporting of warehoused goods by overseas suppliers – Korean

See also:

- Sales Connected with Australia
- Who should register for GST
- Australian GST registration for non-residents

Incorrectly classifying exports

It is important to understand how goods are exported out of Australia and the international commercial (Inco) delivery terms that apply. Taxpayers may believe themselves to be the exporter. However, when the terms of delivery are analysed, this is not the case. A change to your Inco delivery terms (for example, delivered duty paid to ex-works) in an agreement can alter your circumstances. This could potentially

lead to you no longer being considered the exporter and GST becoming payable on the supply.

See also:

- *GSTR 2002/6 Goods and Services Tax: Exports of goods, items 1 to 4A of the table in subsection 38-185(1) of the A New Tax System (Goods and Services Tax) Act 1999.* This ruling will assist suppliers in analysing if they are an exporter and if their supply is a GST-free export.

Non-residents and non-deductible expenses

If you are a non-resident business registered for GST in Australia under the full GST registration system, you should be aware that registered businesses are not entitled to claim GST credits on certain purchases. Under the GST law you cannot claim a GST credit for expenses that are non-deductible for income tax purposes. Examples of non-deductible expenses include:

- purchases of a private nature
- entertainment provided to employees
- entertainment expenses.

If you are a registered for fringe benefits tax your position may be different.

See also:

- *GSTR 2001/3 Goods and Services Tax: GST and how it applies to supplies of fringe benefits*

Voluntary disclosure

After reviewing your international cross border transactions you may discover mistakes in your reported GST amounts. If this occurs, we encourage you to make a voluntary disclosure. Reduced penalties will apply if you voluntarily disclose errors before we conduct any compliance activity.

Next step:

- Make a voluntary disclosure

QC 40401

GST-free sales and purchases of new recreational boats

Check when you can sell or purchase a new recreational boat GST-free.

Last updated 22 May 2017

You can sell or purchase a new recreational boat GST-free if it is exported from Australia within 12 months.

The boat must be

- [a new recreational boat](#)
- [not used for a disqualifying activity before it is exported](#)
- [exported within a specified 12-month period.](#)

See also

- [Documentary evidence of export and usage](#)
- [Extending the 12-month period](#)
- [If the qualifying conditions are not met](#)

Definition of new recreational boat

New recreational boats are newly constructed, and designed and fitted out mainly for private recreational pursuits or hobbies. They:

- must not be substantially re-constructed
- cannot have been sold (unless as trading stock), leased or used since they were constructed
- cannot be second-hand boats or commercial ships (for example a trawler or cargo ship).

Disqualifying activities

To be GST-free, new recreational boats you sell or purchase cannot be used for any commercial activity or financial gain by either the purchaser or any other person while the boat is in Australia.

In addition, to be GST-free a new recreational boat cannot be used for any of the following purposes:

- as security for the performance of an obligation, other than as security for the loan used to purchase it
- in carrying on an enterprise in Australia
- in carrying on an enterprise outside Australia, other than for activities done as a private or recreational pursuit or hobby
- to obtain any payment, other than
 - as an employee providing services to an enterprise carried on by the purchaser outside Australia
 - winnings paid from a race or other sporting event in which the purchaser competes.

12-month export period and other conditions

For the sale or purchase of a boat to be GST-free, either the supplier or the purchaser must export it from Australia within 12 months from the 'receipt day', unless we allow an extension.

The receipt day is the earliest day on which one or more of the following events occur:

- the purchaser takes physical possession of the boat
- the supplier receives the final instalment, if payment is made in instalments under a contract that requires the boat to be exported
- the supplier gives an invoice for the final instalment, if payment is made in instalments under a contract that requires the boat to be exported.

The purchaser can use the boat only for recreational/non-commercial purposes while it is in Australia.

To be eligible for the extended GST-free period:

- the supplier must maintain knowledge of both the use and whereabouts of the boat for up to 12 months
- the purchaser must make sure the supplier is aware of both the use and whereabouts of the boat for up to 12 months
- the purchaser must provide the supplier with
 - documentary evidence as proof that the boat has been exported
 - a purchaser declaration as proof of non-commercial use when the boat is exported.

Documentary evidence of export and usage

If the supplier exports the boat, they will need to keep a copy of the following:

- export declaration
- shipping documents
- a statement from the purchaser that the boat was used only for recreational/non-commercial purposes while in Australia.

If the purchaser chooses to either sail the boat out of Australia or arrange for it to be exported on a transport ship, the supplier must be given a copy of:

- the final Department of Home Affairs clearance documents, export declaration and shipping documents
- any shipping documents
- a statement from the purchaser that the boat was used only for recreational/non-commercial purposes while in Australia.

Extending the 12-month period

If neither the supplier nor purchaser can export the boat before the 12-month period expires, both the supplier and the purchaser can jointly apply to us for an extension. However, they need to provide reasons for why they could not export the boat within 12 months and an expected date of export. Reasons could include:

- unseasonal weather (seasonal weather would not be accepted as the purchaser would need to take that into account when planning to export the boat)
- unforeseen mechanical problems
- illness.

If the qualifying conditions are not met

The sale of the boat becomes taxable if any of the following apply:

- the supplier or the purchaser fail to export the boat within the 12-month period or such further time as we allow
- the supplier does not have proof that the boat has been exported within that period
- the supplier or the purchaser become aware that the boat has been used in a disqualifying activity
- the supplier does not have proof (such as the purchaser declaration) that the boat has not been used in a disqualifying activity.

This means the supplier will have to pay GST to us on the sale of the boat, even if GST was not included in the original sale price at the time the boat was sold.

The terms and conditions of the sale may provide the seller with the opportunity to recover this amount from the purchaser.

See also

- *GSTR 2002/6 Goods and services tax: exports of goods, items 1 to 4A of the table in subsection 38-185 (1) of the A New Tax System Act 1999*

QC 24536

Offshore to offshore supply of goods – BAS reporting

Goods that originate and remain outside Australia do not attract GST and do not need to be reported in activity statements.

Last updated 23 May 2017

Goods that you deliver from a place outside Australia to another place outside Australia do not attract GST and do not need to be reported at **G2** and/or **G3** in your activity statement.

Example: International supply of goods

Australian Company A sells goods to Australian Company B. The goods are shipped directly from Company A's factory in China to Company B's branch in Japan. This supply of goods does not attract GST so should not be included for GST purposes in the companies' activity statements.

We collect and share information and data with a number of external sources including the Department of Home Affairs. Reporting offshore to offshore transactions for GST purposes in your activity statement creates a discrepancy with data provided by DIBP and may lead to an investigation for compliance action.

You still include these sales as income in label **T1** 'PAYG Instalment Income' in your activity statement but they should be coded to 'No Tax' in your GST accounts and not reported at labels **G2** and/or **G3** in your activity statement. We are aware of the different reporting obligations and will not question this discrepancy between your income tax return and your activity statement.

If you have mistakenly reported sales at labels **G2** and/or **G3** on your activity statement and have reported the wrong amount of GST, you will need to correct the error. If you have incorrectly reported supplies at labels **G2** and/or **G3**, but there is no effect on GST payable, you do not need to do anything further. However, you should exclude these supplies and correctly report all sales at labels **G2** and **G3** on your future activity statements.

See also

- [Correcting GST Errors](#)

- *GSTR 2006/9 Goods and services tax: supplies*

QC 47449

GST and Australian businesses – imported services, digital products and low value imported goods

Information for Australian businesses about paying GST when buying imported services, digital products or low value imported goods.

Last updated 11 September 2025

If you are an Australian GST-registered business and you import services, digital products or low valued imported goods, you shouldn't be charged GST.

If you are an Australian business but you are not GST-registered, you will need to pay GST on the purchase of these imported services, digital products and low value imported goods.

This page also has information for transporters, customs brokers and Australian-based drop shippers.

About the law

The Australian tax law ensures that if your business is registered for GST you will be in the same net GST position when purchasing imported services, digital products and low value imported goods as if you purchased them in Australia.

The rules also ensure that overseas suppliers are not unnecessarily drawn into the Australian GST system. When overseas suppliers make sales to Australian GST-registered businesses, the law requires the business purchaser (not the overseas supplier) to determine if GST is payable, and, if so, to pay any GST owing to us using the reverse charge rules.

Information for business purchasers

- [Whether GST applies](#)
- [Paying GST on your purchase \(the reverse charge\)](#)
- [Incorrectly charged GST](#)
- [If you are a domestic retailer who uses drop shipping](#)
- [Selling online](#)
- [Tax invoices](#)

Whether GST applies

If you are:

- registered for GST, then GST will not apply to imported services, digital products and low value imported goods that you use in your business in Australia
- not registered for GST, GST will apply to these purchases.

For the supplier not to charge you GST, you will need to both:

- give them your Australian business number (ABN)
- state that you are registered for GST.

If you are purchasing goods only for your personal use, **don't** provide your ABN or state you are registered for GST. If you do supply this information, you will need to pay the GST to us under the reverse charge.

Penalties can apply if you provide false information to a supplier, such as quoting an ABN when you are not GST-registered.

Paying GST on your purchase (the reverse charge)

You will need to pay GST to us on your purchase if all the following applies:

- You are registered or required to be registered for GST.
- You would not have been entitled to claim a full GST credit if you had been charged GST (such as personal use or input taxed purchases).
- You import services, digital products or low value imported goods.

- The goods are not GST-free.

If the reverse charge applies, the GST payable is 10% of the amount you paid and you claim back any GST credits you are entitled to.

The reverse charge also applies if you provide information such as your ABN and a statement that you are GST registered, if you are buying goods for personal use.

See also

- Reverse charge of GST on things purchased from offshore
- When you can claim a GST credit
- Sales of low value imported goods to Australian GST-registered businesses - When not to charge GST.

Incorrectly charged GST

You should not be charged GST if you provide your ABN and state you are GST-registered. However, some merchants and electronic distribution platform (EDP) operators may not be able to differentiate between business and consumer purchasers at the checkout.

If you are charged GST incorrectly, seek a refund from the supplier by providing your ABN and stating to them that you are registered for GST.

If you are incorrectly charged GST, you will be entitled to claim a GST credit in your BAS if all the following apply:

- You would otherwise be entitled to claim a GST credit.
- Either
 - you have a valid tax invoice (showing the supplier's ABN)
 - the amount you paid is A\$82.50 or less.
- The supplier has not reimbursed you for the GST charged on the sale (but if you later receive a reimbursement, you will need to make an adjustment to repay any GST credits you have claimed).
- You have no information to suggest that the GST has been paid to us by the supplier.

GST will be charged at the border when goods are imported with a customs value over A\$1,000 (even if the supplier incorrectly charged

GST on the sale). You may be able to claim a GST credit for the taxable importation.

For more information, see [When you can claim a GST credit](#).

Information about taxable importations is available at [GST and imported goods](#).

If you are a domestic retailer who uses drop shipping

If you are an Australian GST registered supplier and you 'drop ship', you will have to account for GST on your sale of low value imported goods.

Drop shipping refers to sales of goods located overseas at the time of sale and sent directly to your customers in Australia from an overseas source, such as manufacturers, wholesalers, or warehouses.

Selling online

An EDP operator can agree to be responsible for GST on sales by Australian-based merchants made through its platform if all of the following apply:

- Sales are digital services or digital products made electronically.
- The EDP operator has a written agreement with the merchant before the sale is made.
- The EDP operator is registered for GST.

Tax invoices

A supplier is not required to provide a tax invoice for sales of imported services, digital products and low value imported goods.

Overseas businesses registered in our simplified GST system are not given an ABN. Instead, we give them an ATO Reference number (ARN).

Unless a supplier has an ABN, they cannot issue a valid tax invoice to you. Accordingly, if you do not hold a valid tax invoice for the purchase, you may not be entitled to a GST credit.

For more information, see [When you can claim a GST credit](#).

If you are a transporter or customs broker

GST on low value imported goods may impact transporters and customs brokers:

- [GST and transporters or customs brokers](#)
- [Reporting and revenue collection at the border](#)
- [Dealing with suppliers](#)
- [How transporters can prevent GST being charged twice](#)

GST and transporters or customs brokers

Transporters of low value imported goods are usually engaged by merchants or EDP operators to provide delivery of goods to customers in Australia.

As a transporter or customs broker, you:

- will be responsible for including tax information on import documents for the goods
- won't be required to collect GST (unless you're also a supplier for GST purposes).

Reporting and revenue collection at the border

GST on low value imported goods is collected by an EDP operator, merchant or redeliverer.

Under Customs law, low value goods are still non-taxable importations and will not have GST applied at the border.

Goods imported in a consignment with a customs value of:

- A\$1,000 or less do not have customs duty or GST payable at the time of import (this excludes alcoholic beverages and tobacco products)
- over A\$1,000
 - have GST, customs duty other taxes and charges payable by the importer at the border
 - may have GST charged on the sale for consignments of multiple goods valued at A\$1,000 or less (see [How transporters can prevent GST being charged twice](#)).

Find out about

- How to charge GST
- GST for non-resident businesses and importers

Dealing with suppliers

If you deal with a supplier of low value imported goods for GST purposes and they are registered for GST, ensure their tax information is included on the customs documents.

Your supplier must include information on **tax invoices or receipts** when they charge GST on sales of low value imported goods. This applies if they are either:

- the operator of an EDP through which the goods are sold
- the merchant who sells the goods
- a redeliverer.

Supplier customs documents

A supplier is responsible for ensuring correct information is included on customs documents.

You may be asked by suppliers to help them to meet this requirement when they give this information to you to include on the customs documents for the supply.

For goods (except for alcoholic beverages and tobacco products) that enter Australia in a consignment with a customs value of A\$1,000 or less, you must complete a self-assessed clearance.

Information to include on customs documents

Information required	Matching fields on the customs documents
<p>The supplier registration number, which is either:</p> <ul style="list-style-type: none"> • a 12-digit ARN • an 11-digit ABN 	<p>This is the vendor ID in the Integrated Cargo System (ICS).</p>

ABN of the purchaser, when given to the supplier	This is the importer ID in the ICS.
Whether GST has been charged on the sale of each of the goods.	This is the PAID exemption code (if GST has been charged by the supplier).

If the supplier doesn't provide this information, you don't need to take extra steps to source it from them. Instead, you enter and clear goods as you normally would.

Example: Transporter role when dealing with an EDP

Phoebe buys a mobile phone with a customs value of A\$600 from a merchant in China, through a website called Electronics Marketplace. She gets the mobile phone sent to her aunt in Perth, Australia. Electronics Marketplace is registered for GST.

Electronics Marketplace is an EDP operator, which is responsible for GST on the sale made by the merchant.

Electronics Marketplace charges GST on the sale to Phoebe and pays it to the ATO when lodging its GST return.

Electronics Marketplace requires merchants who sell low value imported goods through its website to pass on relevant information given on its commercial documents through the logistics chain, which can be used to fill out the customs documents.

For this sale, the relevant information is:

- Electronic Marketplace's GST registration number (an ATO reference number or ARN)
- GST was charged on the sale.

The transporter receives this document from the merchant. It completes the clearance declaration on Phoebe's behalf by including Electronic Marketplace's ARN in the vendor ID field and uses the PAID exemption code.

Example: Transporter role when dealing with a non-resident merchant

Jacob is a consumer who buys a cake decorating kit with a customs value of A\$200, from the website of a merchant in New Zealand called Cake Matrix. He gets the kit sent to an address in Melbourne, Australia. Cake Matrix is registered for GST in Australia.

As the goods are low value goods and sold to a consumer, Cake Matrix charges GST on the sale. It pays the GST to the ATO when lodging its GST return.

Cake Matrix gives its GST registration number, which is an ARN, to the transporter and informs them that GST was charged on the sale.

The transporter reports their incoming shipments and completes the clearance declaration on Jacob's behalf. They use the information from Cake Matrix.

In completing the clearance, the transporter includes Cake Matrix's ARN in the vendor ID field and uses the PAID exemption code.

Example: Transporter role when a purchaser is not a consumer

Davor buys a mobile phone with a customs value of A\$800 from a merchant in China, through Electronics Marketplace's website. He gets it sent to his address in Brisbane, Australia.

As he's registered for GST and will use the phone for business, he gives Electronics Marketplace his ABN and states he is GST-registered.

Electronics Marketplace doesn't charge GST on the sale because Davor isn't a consumer.

Electronics Marketplace requires merchants selling low value goods through websites to pass on relevant information on commercial documents through the logistics chain. This information is used to complete the customs documents.

For this sale, the relevant information is:

- Electronic Marketplace's GST registration number (an ARN)
- Davor's ABN
- that GST wasn't charged on the sale.

The transporter receives the document from the merchant and completes the clearance declaration on Davor's behalf.

The transporter includes Electronic Marketplace's ARN in the vendor ID field and Davor's ABN in the importer ID field.

Find out about

- Requirements for customs documents

For more information, see [Integrated cargo system \(ICS\)](#) [↗](#) for more information about ICS requirements

How transporters can prevent GST being charged twice

If documents show that GST has only been charged on some of the goods, you will need to list these goods on separate lines in the Integrated cargo system (ICS).

If a consignment is over A\$1,000 and the PAID exemption code has not been included on the import declaration then GST is payable at the border. Purchasers can seek a refund of GST from their supplier if it's been charged twice. They do this by giving the supplier a declaration or evidence that GST was paid at the border.

Examples for completing the import declaration

Example: GST charged on sale of low value goods imported in a consignment over A\$1,000

Victoria is a consumer who buys four bridesmaid dresses that each have a customs value of A\$300 from Stewart Bridal's online store in the UK. She gets the dresses sent to her address in Alice Springs, Australia.

Stewart Bridal is registered for GST and is the supplier for GST purposes.

Usually, GST is charged on the sale of the four dresses, as they are each low value goods.

An exception can apply if the supplier is sure the goods will be imported in one consignment over A\$1,000.

Stewart Bridal couldn't apply the exception as some sizes of the bridesmaid dresses are on backorder, so it is unlikely the four dresses will be consigned together.

As a result, Stewart Bridal charge GST on the sale of the four dresses.

It later turned out that all of the dresses are shipped in one consignment over A\$1,000. The customs broker completes an import declaration on Victoria's behalf. They enter the information from the document that Stewart Bridal gave with the consignment. This is the same as the receipt that Stewart Bridal must give Victoria.

On the import declaration, the customs broker:

- puts Stewart Bridal's GST registration number, which is an ARN in the vendor ID field
- includes the GST exemption code PAID for the whole consignment.

As the notification requirements have been met, Victoria doesn't pay GST at the border. Victoria will have to pay any customs duty and clearance charges applicable.

Example: Mixed sale of low value goods and goods over A\$1,000 in a consignment

Jenni bought four bridesmaid dresses that each have a customs value of A\$300 (low value goods) and a wedding dress with a customs value of A\$1,500.

As in the previous example, Stewart Bridal was unsure if all dresses would be consigned together, so it charged GST on each of the A\$300 dresses.

Stewart Bridal won't charge GST on the wedding dress as it's not a low value good and it will have GST applied at the border.

The document given to Jenni shows that GST has been charged on the four bridesmaid dresses and not on the wedding dress.

When the customs broker is completing the import declaration, they ensure:

- the PAID exemption code is entered against the four bridesmaid dresses
- Stewart Bridal's GST registration number is included as the vendor ID.
- no exemption code is listed against the wedding dress – Jenni pays GST at the border for this item.

Jenni will have to pay any customs duty and clearance charges applicable at the border.

QC 53382

GST and consumers – imported services, digital products and low value imported goods

Information for consumers about paying GST when buying imported services, digital products and low value imported goods.

Last updated 11 September 2025

If you are a consumer (not a GST registered business) and you buy imported services, digital products and low value imported goods, the price may include goods and services tax (GST).

GST applies at the point of sale in the same way as when you buy goods from businesses in Australia. You may notice the GST amount on your receipt for these purchases.

However, as with sales from businesses within Australia, some overseas suppliers may not be required to register for GST (because they do not reach the A\$75,000 GST registration turnover threshold) and will not charge you GST.

Buying online

When purchasing imported services, digital products and low value imported goods, you may notice that GST is:

- included in the advertised price
- added at the checkout
- included on your receipt or order confirmation.

When purchasing low value imported goods, shipping and insurance costs are part of the price of the delivered goods that GST is calculated on.

GST doesn't apply:

- when overseas suppliers and electronic distribution platform (EDP) operators don't reach the A\$75,000 GST registration turnover threshold
- to goods that are GST-free, such as food items.

If you've been charged GST on an item you believe is GST-free, contact your supplier to request a refund of the GST charged.

Buying through an electronic distribution platform (EDP)

An EDP is a service (such as online marketplace) where you can buy goods from various **merchants**.

If an EDP operator offers a discount, GST is still calculated on the individual merchant's listed price. The discount the EDP operator offers is viewed as a part payment made by the EDP operator towards the cost of the good to you.

Example: GST and discount offered by an EDP operator

Gavin lives in Australia and buys a lens cover from a merchant in the US through an EDP. The individual merchant lists the lens cover for sale on the EDP at a price of A\$66 (including GST and shipping to Gavin's Australian address).

The EDP operator is offering a 5% discount on all purchases made on the EDP in the week Gavin makes his purchase.

Merchant's price (GST exclusive)	A\$60.00
GST (10% of merchant's price)	A\$6.00
Less EDP discount (part payment made by the EDP operator)	A\$3.00
Gavin pays	A\$63.00

The individual merchant's price of A\$60 (GST-exclusive) isn't reduced by the discount offered by the EDP operator. The EDP operator is required to charge GST based on the merchant's price.

The discount offered by the EDP operator is part payment towards the cost of Gavin's purchase and doesn't reduce the GST payable or the A\$60 that the merchant receives for the sale.

Redelivery services

You are using a redeliverer if you:

- purchase goods and have them sent to a mailbox or address in another country to be re-shipped to you in Australia
- use the services of an overseas business that buys goods on your behalf and then helps you bring those goods to Australia.

A GST registered redeliverer will charge GST on the cost of their services and the value of the goods when delivering goods to you.

The overseas business that makes the original sale shouldn't charge GST as they're not sending the goods to Australia.

Don't pay GST twice

When goods with a customs value of more than A\$1,000 are imported into Australia GST is payable at the border to Australian Border Force.

If you purchase a number of low value imported goods from a supplier with a total customs value of more than A\$1,000 and the goods are sent to you in one parcel, the supplier can choose to either:

- apply GST to each low value good at the point of sale and include sufficient information on the import documents to prevent GST being applied again at the border
- not apply GST at the point of sale and allow GST to be applied to the parcel at the Australian border.

You may also need to pay any customs duty and clearance charges applicable at the border.

The supplier must issue you a notice or receipt that includes:

- their GST registration number, either an Australian business number (ABN) or ATO reference number (ARN)
- if you have paid GST at the point of sale.

This will provide the information required to complete an import declaration.

If the supplier doesn't give this information and the import has a customs value over A\$1,000, you'll be notified that you need to pay GST at the border before your goods will be released.

If you're charged GST at the border and at the point of sale, you must seek a refund of the GST paid at the point of sale from the supplier. Australian Border Force can't make refunds of GST paid at the border.


Before they refund the GST paid at the point of sale, the supplier will require proof of payment of the GST paid at the border.

See also Australian Border Force's [Importing or buying from overseas](#) .

Listed prices and GST

When you make a purchase of imported services, digital products and low value imported goods, the merchant may initially be unsure if GST will apply. In this circumstance, the merchant will advise that additional

taxes may apply. As soon as the merchant knows GST applies, they should confirm the GST-inclusive price.

Generally, if GST is likely to apply to an item, the merchant should display a GST-inclusive price. This is a requirement of Australian consumer law, which is administered by the [Australian Consumer and Competition Commission](#) .

Example: GST applied to the sale of a digital service

Jo is an Australian resident and has a digital movie subscription from an overseas company, DigiTV. Jo receives a monthly invoice and notices that the invoice includes GST. As DigiTV is an overseas company that is required to register for Australian GST, GST is correctly included on the invoice. DigiTV will pay that GST to us.

Example: Price of digital product

Yarran buys a digital songbook from a merchant in China. The merchant 'World Music Online' sells digital sheet music to customers worldwide and is registered for Australian GST.

Yarran selects the sheet music he wants to buy. The listed price is A\$20, however a note states that 'additional taxes may apply'. When Yarran enters his Australian credit card, the price changes to A\$22.

The price now includes GST because Yarran's Australian credit card information has allowed 'World Online Music' to confirm that Yarran is an Australian consumer.

Example: GST applied to the sale of a low value good

Lucia lives in Australia and buys a clock from Stylish Times UK Co.

The clock is advertised at A\$600 on their website including postage and handling. Stylish Times states that additional taxes may apply.

At the checkout Lucia notices that A\$60 has been added, bringing the total price to A\$660. Stylish Times added GST to the price as soon as they confirmed the item is being delivered to Australia.

Returns, cancellations and GST refunds

You're entitled to a refund of GST paid when you cancel or return low value imported goods; in the same way as when you return goods in Australia. This refund is paid to you by the supplier, not the ATO or Australian Border Force.

GST and second-hand goods

Second-hand goods purchased from overseas may be subject to GST if they are low value imported goods.

When second-hand goods are sold by GST-registered suppliers, GST will generally apply just like when second-hand goods are purchased from GST-registered businesses in Australia. Sales of low value imported goods, either new or second-hand, can be made by:

- a merchant who sells goods
- an EDP (such as an online marketplace)
- a redeliverer.

Sales of low value imported second-hand goods by a non-resident individual through an online marketplace are deemed to have been made by the EDP operator. Therefore, the price of the second-hand good will include GST if the EDP operator is GST-registered.

GST and gifts

You may be charged GST when buying gifts from overseas valued at A\$1,000 or less and delivered to an address in Australia if the supplier:

- helps to bring the goods to Australia
- is registered for GST.

GST applies to gifts regardless of whether you (the purchaser) are located in Australia or overseas at the time the gift is purchased.

Example: GST and gifts sourced from overseas

Kate lives in England and buys a teddy bear for her grandson who lives in Adelaide, Australia. Kate pays A\$70 to Fluffy Bears, an online store in England and Fluffy Bears delivers the teddy bear direct to her grandson in Australia. Fluffy Bears charges A\$20 for delivery.

Fluffy Bears is registered for Australian GST. As the teddy bear is delivered by the Fluffy Bears to an address in Australia, Kate will pay GST on the price of the delivered gift she purchased for her grandson.

Kate pays A\$99 for the teddy bear for her grandson in Adelaide:

- advertised price of the teddy bear is A\$70
- plus delivery of A\$20
- plus GST of A\$9

Kate's total payable is A\$99.

This GST outcome would be the same if Kate lived in Australia. For a good to be taxed as a low value imported good it does not have to be delivered to the purchaser, but it does have to be imported into Australia with the assistance of the supplier.

QC 52557

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

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