



GSTA TPP 053 - Goods and services tax: Is GST payable on the taxable importation of consignment stock into Australia when ownership passes to the vendor as is the case with taxable supplies?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *14 June 2005*



Goods and Services Tax Advice

Goods and services tax: Is GST payable on the taxable importation of consignment stock into Australia when ownership passes to the vendor as is the case with taxable supplies?

Preamble

*This document is a ruling for the purposes of section 37 of the Taxation Administration Act 1953. It illustrates the principles contained in **Goods and Services Tax Ruling GSTR 2003/15 on imports**. You can rely on the information presented in this document, which provides advice on the operation of the GST system.*

Answer

No, GST payable on taxable importations is payable by the importer to Customs at the same time and place, and in the same manner, as the customs duty on the goods is payable (or would be payable if the goods were subject to customs duty)

Background

The ATO takes the view that where there is a 'sale or return' basis supply the GST liability for a taxable supply only arises in the tax period in which the supply is certain. This applies to many items taken on consignment.

For example, many imported books are acquired under a consignment stock arrangement. Under this type of arrangement, an entity only becomes the legal owner of the books once it sells them.

However, under section 13-5 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) the goods imported are subject to GST at the time of importation (taxable importation). Goods are regarded as being entered for home consumption regardless of the fact that they have not been imported by the legal owner of the goods. When goods are imported on consignment, the importer is not the legal owner at that stage (title does not pass until the goods are sold).

Explanation

The basic rules apply to both the taxable importation of consignment goods and the taxable supply of consignment goods. Section 33-15 of the

GST Act describes how and when GST on taxable importations is payable. Section 29-5 of the GST Act describes the attribution of GST on taxable supplies. The rules have a different application depending on whether there is a taxable supply or a taxable importation. The attribution rules in section 29-5 apply to taxable supplies but not to taxable importations. They describe which tax periods GST should be attributable. GST on taxable importations is not attributed to tax periods. It is required to be paid by the importer to the Commonwealth at the same time as customs duty is paid, or within a further time in circumstances specified in the regulations. Each of these sets of rules apply whether goods are consignment goods or not.

If the importer is registered for GST, it can claim a GST credit for the GST paid on importation in the same tax period as the importation occurs. Alternatively, the importer may wish to seek approval for the GST deferral scheme.

Application of this GST Advice

This Advice is based on GSTR 2003/15. It explains our view of the law as it applied from 1 July 2000. You can rely on this Advice on and from its date of issue for the purposes of section 37 of the *Taxation Administration Act 1953*. Goods and Services Tax Ruling GSTR 1999/1 explains the GST rulings system and our view of when you can rely on our interpretation of the law in GST public and private rulings.

If this Advice conflicts with a previous private ruling that you have obtained, this public ruling prevails. However, if you have relied on a private ruling, you are protected in respect of what you have done up to the date of issue of this public ruling. This means that if you have underpaid an amount of GST, you are not liable for the shortfall prior to the date of issue of this later ruling. Similarly, you are not liable to repay an amount overpaid by the Commissioner as a refund.

Commissioner of Taxation

Date

Related Rulings/Determinations/GST Advice:

GSTR 2000/29

Subject references:

Taxable supply
Taxable importation

attribution

Legislative references:

ANTS(GST)A 1999 29-5
ANTS(GST)A 1999 33-15
TAA 1953 37

Other references:

Australian Customs Notice 2000/30

ATO references

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