



# ***GSTR 2003/15A2 - Addendum - Goods and services tax: importation of goods into Australia***

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## Addendum

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### Goods and Services Tax Ruling

#### Goods and services tax: importation of goods into Australia

This Addendum amends Goods and Services Tax Ruling GSTR 2003/15 to reflect amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* by the *Tax and Superannuation Laws Amendment (2016 Measures No. 1) Act 2016* in relation to the calculation of the value of a taxable importation that is made on or after 1 October 2016.

This Addendum also makes further minor amendments to GSTR 2003/15 and updates the references section.

#### **GSTR 2003/15 is amended as follows:**

**1. Paragraph 11**

Insert paragraph 11:

11. Changes made to this Ruling by Addenda that issued on 2 October 2013 and 7 December 2016 have been incorporated into this version of the Ruling.<sup>1AA</sup>

**2. Paragraph 14**

Insert at the end of the paragraph 'The amount of GST on the taxable importation is 10% of the value of the taxable importation.'

**3. Paragraph 15**

(a) Omit the paragraph and footnote; substitute:

15. The value of a taxable importation is calculated under either subsection 13-20(2) or subsection 13-20(4) provided it is not limited by subsection 13-20(5).

(b) After paragraph 15 insert:

15A. Subsection 13-20(2) provides that the value of the taxable importation is essentially the value of the goods plus the costs of bringing the goods to their place of consignment in Australia, including insurance, together with the costs of

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<sup>1AA</sup> Refer to each Addendum to see how that Addendum amends this Ruling.

certain loading or handling and other services,<sup>2B</sup> plus customs duty and wine tax (if any).

15B. Subsections 13-20(4)<sup>2C</sup> and (5) provide that excluding a taxable dealing for wine or taxable importation of a luxury car, a GST registered importer may use a percentage of the customs value of the imported goods as a proxy for costs covered by paragraphs 13-20(2)(b) and (ba) when calculating the value of their taxable importation. This percentage is currently ten per cent but may be set at a different percentage if prescribed by regulation.

#### **4. Paragraph 16**

Omit the words 'Customs and Border Protection Service (ACBPS)'; substitute 'Chief Executive Officer of Customs (CEO of Customs)'.

#### **5. Paragraph 18**

Omit the words 'ACBPS'; substitute 'CEO of Customs'.

#### **6. Heading and paragraph 20**

- (a) Omit 'ACBPS' from the heading; substitute 'CEO of Customs'.
- (b) Omit all occurrences of 'ACBPS'; substitute 'the CEO of Customs'.

#### **7. Paragraph 24**

Omit the last sentence; substitute 'The CEO of Customs holds the 'owner' named on the declaration primarily responsible for the information contained in the declaration.'.

#### **8. Paragraph 44**

Omit the last sentence and footnote.

#### **9. Paragraph 44A**

Insert:

44A. However, excluding a taxable dealing for wine or taxable importation of a luxury car, GST registered importers may opt to use a percentage of the customs value of the

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<sup>2B</sup> Paragraph 13-20(2)(ba) sets out the conditions to be satisfied in order for costs of loading or handling and other services to be included into the calculation of the value of the taxable importation.

<sup>2C</sup> Explanatory Memorandum to the Tax and Superannuation Laws Amendment (2016 Measures No 1) Bill 2016 paragraphs 2.185 to 2.190.

imported goods as a proxy for the international transport, insurance for the transport, certain loading or handling and other services when calculating the value of their taxable importation. This percentage is currently ten per cent but may be set at a different percentage if prescribed by regulation.<sup>20A</sup>

44B. If an importation is partly a taxable importation and partly a non-taxable importation, the value of the part that is a taxable importation is the proportion of the value of the importation that the taxable importation represents.<sup>20B</sup>

#### **10. Paragraph 45**

Omit all occurrences of 'ACBPS'; substitute 'the CEO of Customs'.

#### **11. Paragraph 72**

- (a) Omit 'paragraph 9-25(3)(a)', substitute 'subsection 9-25(3)'.
- (b) Insert at the end of the first sentence 'into Australia'.

#### **12. Paragraph 74**

Omit the paragraph and footnote 34; substitute:

74. Where a supplier imports goods, there may be both a taxable importation and a taxable supply as a result of a single commercial transaction. The GST payable on a taxable supply is generally payable by the supplier. If the supplier also makes a taxable importation, the supplier must pay the GST on the taxable importation.<sup>34</sup> However, if the supplier makes a creditable importation the supplier is entitled to an input tax credit for the GST payable on the importation.<sup>34A</sup>

#### **13. Paragraph 95**

- (a) Omit first occurrence 'ACBPS'; substitute 'CEO of Customs'.
- (b) Omit second occurrence 'ACBPS'; substitute 'the CEO of Customs'.

<sup>20A</sup> Subsection 13-20(4) and subsection 13-20(5) sets out the conditions for the calculation under subsection 13-20(4) to apply.

<sup>20B</sup> Section 13-25.

<sup>34</sup> Section 13-15.

<sup>34A</sup> Sections 15-15 and 15-20.

## 14. Paragraph 107

Omit the paragraph, substitute:

107. The amount of GST payable on a taxable importation is 10% of the value of the taxable importation.<sup>52</sup> The value of the taxable importation is the sum of the customs value of the goods plus the cost of bringing those goods to Australia (including insurance), plus the cost of certain loading or handling and other services<sup>52A</sup> together with the customs duty and wine tax (if any). However, excluding a taxable dealing for wine or taxable importation of a luxury car, GST registered importers may opt to use a percentage of the customs value of the imported goods as a proxy for the international transport, insurance for the transport, certain loading or handling and other services when calculating the value of their taxable importation. This percentage is currently ten per cent but may be set at a different percentage if prescribed by regulation.<sup>52B</sup> This is explained further in paragraphs 258 to 273E under 'Other issues'.

## 15. Paragraph 115

Omit 'ACBPS'; substitute 'the CEO of Customs'.

## 16. Paragraph 117

Omit 'GSTR 2000/15.<sup>55</sup>', substitute 'GSTR 2006/4.<sup>55</sup>'.

## 17. Footnote 56

Omit the footnote; substitute:

<sup>56</sup> See paragraphs 26 and 27 of GSTR 2006/4.

## 18. Footnote 66

Omit 'ACBPS'; substitute 'the CEO of Customs'.

## 19. Paragraph 182

In the third sentence omit 'paragraph 9-25(3)(a)', substitute 'subsection 9-25(3)'.

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<sup>52</sup> Section 13-20.

<sup>52A</sup> Paragraph 13-20(2)(ba) sets out the conditions to be satisfied in order for costs of loading or handling and other services to be included into the calculation of the value of a taxable importation.

<sup>52B</sup> Subsection 13-20(5) sets out the conditions for subsection 13-20(4) to apply.

<sup>55</sup> GSTR 2006/4: *Goods and services tax: determining the extent of creditable purpose for claiming input tax credits and for making adjustments for changes in extent of creditable purpose*

**20. Footnote 68A**

Omit the footnote.

**21. Paragraph 184**

Omit the last sentence; substitute *'The supplier, Korean Co, does not import the goods into Australia'*.

**22. Paragraph 187**

Omit the last sentence; substitute *'The supplier, Korean Co, does not import the goods into Australia'*.

**23. Paragraph 222**

Omit 'paragraph 9-25(3)(a)'; substitute 'subsection 9-25(3)'.

**24. Paragraph 223**

Omit 'paragraph 9-25(3)(a)'; substitute 'subsection 9-25(3)'.

**25. Footnote 80**

Omit ', and also GSTR 2000/31 'Supplies connected with Australia' at paragraphs 152 and 162'.

**26. Paragraph 258**

(a) Omit the paragraph; substitute:

258. The amount of GST on a taxable importation is 10% of its value.<sup>93</sup> The value of a taxable importation is calculated under subsection 13-20(2).

***Subsection 13-20(2) using actual amounts***

258A. Subsection 13-20(2) provides that the value of the taxable importation is the sum of: the customs value of the imported goods; the cost of the international transport of the goods; the insurance for the transport of the goods; the cost for a supply to which item 5A in the table in subsection 38-355(1) applies,<sup>93A</sup> and any customs duty<sup>94</sup> or wine tax payable.

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<sup>93</sup> Subsection 13-20(1).

<sup>93A</sup> Item 5A in the table in subsection 38-355(1) applies to the following costs: loading or handling of goods, the international transport of which is covered by item 5,

*Example 7A - Calculating the value of a taxable importation with actual costs*

258B. *Butcher importers imports equipment into Australia. The customs value of the equipment is \$10,000. The duty rate is 5% and international transport and insurance is \$1,500.*

258C. *The value of the taxable importation of the equipment would be \$12,000 (sum of the Customs Value (\$10,000) the Customs duty (5% of \$10,000) and the international transport and insurance (\$1,500)).*

258D. *The GST on the importation would be 10% of \$12,000 = \$1,200.00.*

## 27. Paragraph 273

After the paragraph insert:

### ***Subsection 13-20(2) using uplift factor for certain costs***

273A. Subsection 13-20(4) provides that for a taxable importation a GST registered importer makes, the importer may choose to treat the amount under paragraph (2)(b), (or if paragraph (2)(ba) applies, the sum of the amounts under paragraphs 2(b) and (ba), as an amount equal to:

- (a) a percentage prescribed by the regulations of the customs value of the goods imported; or
- (b) if no percentage is prescribed- 10% of their customs value.

The percentage is currently ten per cent but may be set at a different percentage if prescribed by regulation.

273B When calculating the value of a taxable importation under subsection 13-20(4), GST-registered importers are no longer required to identify the exact amount paid or payable for the following costs that are under paragraphs 2(b) and (ba):

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during the course of the international transport; the supply of a service, during the course of the international transport of goods covered by item 5, that facilitates the international transport. Paragraph 13-20(2)(ba) includes these amounts in the value of a taxable importation to the extent they are not a tax, fee or charge to which subsection 81-5(2) applies or not already included in amounts under paragraphs 13-20(2)(a) or (b).

<sup>94</sup> Customs duty is defined in section 195-1 to mean any duty of customs imposed by that name under a law of the Commonwealth, other than under the *A New Tax System (Goods and Services Tax Imposition - Customs) Act 1999*, the *A New Tax System (Wine Equalisation Tax Imposition - Customs) Act 1999*, or the *A New Tax System (Luxury Car Tax Imposition - Customs) Act 1999*. Customs duty, where applicable, includes dumping duty, interim dumping duty and countervailing duty payable under the *Customs Tariff (Anti-Dumping) Act 1975*.

- international transport of the imported goods to their place of consignment in Australia;
- insurance costs for that transport; and
- any costs for loading or handling during the international transport or service costs for facilitating that transport.

273C. Subsection 13-20(5) limits the application of subsection 13-20(4). It provides that subsection 13-20(4) does not apply if:

- (a) The importer is not registered; or
- (b) The local entry of the goods is a taxable dealing in relation to wine; or
- (c) The importation of the goods is a taxable importation of luxury car.

*Example 8A - Value of taxable importations using uplift factor for certain cost*

273D. *Butcher Importers, a GST-registered importer, imports equipment into Australia. The customs value of the equipment (FOB value) is \$125,000. At the time of the importation, Butcher Importers is uncertain of the total transport, insurance and ancillary costs as those invoices have not yet been received.*

273E. *Butcher Importers chooses to use the percentage proxy option. Assuming that no percentage has been prescribed, the relevant uplift percentage is 10 per cent. Therefore, Butcher Importers includes \$12,500 rather than the actual transport, insurance and any additional loading, handling and facilitation costs in calculating the value of the taxable importation.*

## **28. Footnote 118**

- (a) Omit 'paragraph 9-25(3)(a)'; substitute 'subsection 9-25(3)'.
- (b) Omit 'or installs or assembles the goods'.

## **29. Detailed Contents List**

- (a) Omit:
 

ACBPS and importations	20
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- (b) Insert:
 

The CEO of Customs and importations	20
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*Example 7A - Calculating the value of a taxable importation with actual costs* 258A



# GSTR 2003/15

*Example 8A - Value of taxable importations using uplift factor for certain cost* 273D

## 30. Related Rulings/Determinations

Omit 'GSTR 2000/31 and GSTR 2000/15'; substitute 'GSTR 2006/4'.

## 31. Legislative References

Omit:

- ANTS (GST)A 1999 9-25(3)(a)

Insert:

- ANTS (GST)A 1999 13-20(4)
- ANTS (GST)A 1999 13-20(5)

This Addendum applies on and from 1 October 2016.

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## Commissioner of Taxation

7 December 2016

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