Treasury Laws Amendment (GST Low Value Goods) Act 2017

No. 77, 2017

An Act to amend the law relating to taxation, and for related purposes

Note: An electronic version of this Act is available on the Federal Register of Legislation (https://www.legislation.gov.au/)

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No. 77, 2017

An Act to amend the law relating to taxation, and for related purposes

[*Assented to 26 June 2017*]

The Parliament of Australia enacts:

1 Short title

This Act is the *Treasury Laws Amendment (GST Low Value Goods) Act 2017*.

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2 Commencement

(1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	**Column 2**	**Column 3**
Provisions	**Commencement**	**Date/Details**
1. The whole of this Act	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	1 July 2017

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

(2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Schedules

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

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Schedule 1—Extending GST to low value imported goods

A New Tax System (Goods and Services Tax) Act 1999

1 After subsection 9-25(3)

Insert:

(3A) A supply of goods that is an *offshore supply of low value goods is ***connected with the indirect tax zone*** if it is connected with the indirect tax zone under Subdivision 84-C.

2 Section 9-39 (table item 7)

Repeal the item, substitute:

7	Offshore supplies	Division 84

3 Section 9-69 (table item 4)

Repeal the item, substitute:

4	Offshore supplies	Division 84

4 Subsection 9-75(4)

After “subsection 9-25(6)”, insert “or 84-79(2)”.

5 Section 9-99 (table item 4A)

Repeal the item, substitute:

4A	Offshore supplies	Division 84

6 Section 11-99 (after table item 7)

Insert:

7A	Limited registration entities	Division 146

7 Section 11-99 (table item 8A)

Repeal the item, substitute:

8A	Offshore supplies	Division 84

8 Section 25-49 (after table item 1)

Insert:

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1AA	Limited registration entities	Division 146

9 Section 25-49 (table item 4)

Repeal the item.

10 Section 25-99 (after table item 1)

Insert:

1AA	Limited registration entities	Division 146

11 Section 25-99 (table item 1C)

Repeal the item.

12 Section 27-99 (table item 1AB)

Repeal the item, substitute:

1AB	Limited registration entities	Division 146

13 Section 29-99 (table item 4A)

Repeal the item, substitute:

4A	Offshore supplies	Division 84

14 Section 37-1 (after table item 18)

Insert:

18A	Limited registration entities	Division 146

15 Section 37-1 (table item 21)

Repeal the item, substitute:

21	Offshore supplies	Division 84

16 Subsection 38-355(1) (table items 5 and 5A)

Omit “subject to subsection (2)”, substitute “subject to subsections (2) and (3)”.

17 Subsection 38-355(1) (table items 6 and 7, column headed “These supplies are GST-free …”, before paragraph (a))

Insert:

subject to subsection (3):

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18 At the end of section 38-355

Add:

(3) Items 5 and 5A, paragraphs (b) to (d) of item 6, and paragraphs (b) and (c) of item 7, in the table in subsection (1) do not apply to a supply to the extent that:

(a) the supply is, or relates to, the *international transport of goods; and

(b) the supplier is a *redeliverer that is treated as the supplier of the goods under subsection 84-81(4); and

(c) the supply of the goods is a *taxable supply.

19 At the end of Division 42

Add:

42-15 Supplies of low value goods

(1) An importation of goods is a ***non-taxable importation*** to the extent that a supply of the goods was a *supplier-taxed offshore supply of low value goods.

Note 1: Under Subdivision 84-C, offshore supplies of low value goods may be treated as connected with the indirect tax zone (this is not the case if the supplier reasonably believes there will be a taxable importation: see section 84-83).

Note 2: There are limits on refunds of excess GST paid as a result of the incorrect treatment of the supply as a taxable supply, if this section has been treated as applying: see section 142-16.

(2) However, this section does not apply unless the *Comptroller-General of Customs is notified that the supply was a *taxable supply at or before the time by which the *taxable importation would (apart from this section) have been made.

(3) The notice must be given, in the *approved form, by or on behalf of the importer of the goods.

20 Subparagraph 48-40(2)(a)(i)

Omit “other than goods or real property”.

21 Subsection 48-45(3)

Omit “other than goods or real property”.

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22 Subsection 72-5(2)

Omit "84-5(1)(d)", substitute "84-5(1)(a)".

23 Subsections 72-10(3) and 72-70(4)

Omit "other than goods or real property".

24 Paragraph 83-5(2)(a)

Omit "other than goods or real property".

25 Division 84 (heading)

Repeal the heading, substitute:

Division 84—Offshore supplies

26 Subdivision 84-A (heading)

Repeal the heading, substitute:

Subdivision 84-A—Offshore supplies that are taxable supplies, and "reverse charged", under this Subdivision

27 Section 84-1

Omit "supplies (of things other than goods or real property)", substitute "certain supplies".

28 Section 84-5 (heading)

Repeal the heading, substitute:

84-5 Offshore supplies that are taxable supplies under this Subdivision

29 Subsections 84-5(1) to (1C)

Repeal the subsections, substitute:

(1) A supply is a ***taxable supply*** (except to the extent that it is *GST-free or *input taxed) if:

(a) the supply is for *consideration; and

(b) the *recipient of the supply is *registered, or *required to be registered; and

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(c) the supply is covered by the third column of this table.

Offshore supplies that are taxable supplies under this Subdivision		
Item	**Topic**	**These supplies are covered …**
1	Intangible supply—general	a supply of anything other than goods or *real property if: (a) the supply is *not* *connected with the indirect tax zone; and (b) the *recipient of the supply satisfies the purpose test in subsection (1A).
2	Intangible supply—right or option	a supply of anything other than goods or *real property if: (a) the supply is *connected with the indirect tax zone because of paragraph 9-25(5)(c); and (b) the *recipient of the supply satisfies the purpose test in subsection (1A).
3	Intangible supply—supplier believed recipient was not a consumer	a supply of anything other than goods or *real property if: (a) the supply is *connected with the indirect tax zone because of paragraph 9-25(5)(d); and (b) under section 84-100, the *GST law applies in relation to the supplier as if the *recipient was not an *Australian consumer of the supply; and (c) the *ABN of the recipient, or the other identifying information prescribed under subsection 84-100(4) relating to the recipient, has been disclosed to the supplier; and (d) the recipient has provided to the supplier a declaration or information that indicates that the recipient is *registered.
4	Low value goods—general	an *offshore supply of low value goods if: (a) the supply is *not* *connected with the indirect tax zone; and (b) the *recipient of the supply satisfies the purpose test in subsection (1A); and (c) the importation of the goods is not a *taxable importation on which the recipient is liable to pay GST.

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Offshore supplies that are taxable supplies under this Subdivision		
Item	**Topic**	**These supplies are covered …**
5	Low value goods—supplier believed recipient was not a consumer	an *offshore supply of low value goods if: (a) the supply is *connected with the indirect tax zone solely because of Subdivision 84-C; and (b) under section 84-105, the *GST law applies in relation to the supplier as if the *recipient was not a *consumer of the supply; and (c) the importation of the goods is not a *taxable importation on which the recipient is liable to pay GST.

(1A) The purpose test referred to in items 1, 2 and 4 of the table in subsection (1) is that:

(a) the *recipient of the supply acquires the thing supplied solely or partly for the purpose of an *enterprise that the recipient *carries on in the indirect tax zone; and

(b) the recipient does not acquire the thing supplied solely for a *creditable purpose.

(1B) However, items 3 and 5 of the table in subsection (1) only cover a supply to the extent that it is *connected with the indirect tax zone solely because of:

(a) for item 3—paragraph 9-25(5)(d); or

(b) for item 5—Subdivision 84-C.

30 Subsection 84-5(2)

Omit “paragraph (1)(e)”, substitute “this section”.

31 Section 84-10 (heading)

Repeal the heading, substitute:

84-10 “Reverse charge” on offshore supplies

32 Section 84-12 (heading)

Repeal the heading, substitute:

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84-12 The amount of GST on offshore supplies that are "reverse charged"

33 Section 84-13 (heading)

Repeal the heading, substitute:

84-13 The amount of input tax credits relating to offshore supplies

34 Subsections 84-30(1) and (2)

Omit "paragraph 84-5(1)(ca)", substitute "paragraph 84-5(1A)(b)".

35 Subparagraph 84-55(4)(c)(iii)

Omit "set the terms and conditions", substitute "(whether directly or indirectly) set any of the terms and conditions".

36 Subsection 84-60(1)

Omit "a supply", substitute "a supply that is to be made by means of *electronic communication".

37 Paragraph 84-70(1)(c)

Omit "the supplies", substitute "any of the supplies that are *inbound intangible consumer supplies".

38 After Subdivision 84-B

Insert:

Subdivision 84-C—Offshore supplies of low value goods

84-73 What this Subdivision is about

Supplies of low value goods involving goods being brought to the indirect tax zone may be connected with the indirect tax zone.

An entity may be treated as the supplier of an offshore supply of low value goods, if the entity is the operator of an electronic distribution platform through which the supply is made, or the entity is a redeliverer of the goods.

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The result is that the operator or redeliverer, instead of the supplier, counts the supplies towards its GST turnover and pays GST on the supplies.

Suppliers of offshore supplies of low value goods are not required to issue tax invoices and adjustment notes, but they must ensure relevant information is included in customs documents.

Note 1: The supplies will need to meet other requirements in order to be taxable supplies: see section 9-5.

Note 2: Offshore supplies of low value goods that are not connected with the indirect tax zone under this Subdivision may be taxable supplies, and "reverse-charged", under Subdivision 84-A.

84-75 Supplies of low value goods that are *connected with the indirect tax zone*

(1) An *offshore supply of low value goods is ***connected with the indirect tax zone*** if the *recipient of the supply is a *consumer of the supply.

Note: There is an exception to this rule if the supplier reasonably believes there will be a taxable importation of the goods: see section 84-83.

(2) An entity is a ***consumer*** of a supply made to the entity if:

(a) the entity is not *registered; or

(b) if the entity is registered—the entity does not acquire the thing supplied solely or partly for the purpose of an *enterprise that the entity *carries on in the indirect tax zone.

Note: A supplier may treat a recipient as not being a consumer if the supplier reasonably believes (based on certain information) that to be the case: see section 84-105.

(3) This section has effect in addition to section 9-25 (which is about when supplies are connected with the indirect tax zone).

84-77 Meaning of *offshore supply of low value goods*

Supplies of low value goods delivered etc. into the indirect tax zone by suppliers

(1) A *supply of low value goods is an ***offshore supply of low value goods*** if:

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(a) the supply involves the goods being brought to the indirect tax zone; and

(b) the supplier delivers the goods into the indirect tax zone, or procures, arranges or facilitates the delivery of the goods into the indirect tax zone.

Supplies of low value goods made through an electronic distribution platform

(2) Without limiting subsection (1), a *supply of low value goods is an ***offshore supply of low value goods*** if:

(a) the supply involves the goods being brought to the indirect tax zone; and

(b) the supply is made through an *electronic distribution platform; and

(c) the operator of the platform delivers the goods into the indirect tax zone, or procures, arranges or facilitates the delivery of the goods into the indirect tax zone.

Supplies of low value goods delivered etc. into the indirect tax zone by redeliverers

(3) A *supply of low value goods is an ***offshore supply of low value goods*** if:

(a) the supply involves the goods being delivered to a place outside the indirect tax zone; and

(b) a *redeliverer delivers the goods into the indirect tax zone, or procures, arranges or facilitates the delivery of the goods into the indirect tax zone.

(4) An entity is a ***redeliverer*** in relation to a *supply of low value goods if, as a result of an arrangement with the *recipient of the supply (or another entity acting on the recipient's behalf), the entity, in the course of *carrying on an enterprise:

(a) delivers the goods into the indirect tax zone, or procures, arranges or facilitates the delivery of the goods into the indirect tax zone; and

(b) does one or more of the following:

(i) provides use of an address outside the indirect tax zone to which the goods are delivered;

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(ii) procures, arranges or facilitates use of an address outside the indirect tax zone to which the goods are delivered;

(iii) purchases the goods;

(iv) procures, arranges or facilitates purchase of the goods.

(5) Disregard section 84-81 in applying this section.

84-79 Meaning of *supply of low value goods*

(1) A supply of goods is a ***supply of low value goods*** if:

(a) the goods supplied are covered by subsection (3); or

(b) the goods supplied include goods covered by subsection (3).

(2) However, if the goods supplied include goods that are *not* covered by subsection (3), then the supply of goods (the ***actual supply***) is to be treated as if it were 2 separate supplies in the following way:

(a) the part of the actual supply consisting of goods covered by subsection (3) is to be treated as if it were a separate supply that is a ***supply of low value goods*** (regardless of the total *customs value of the goods to which those supplies relate); and

(b) the remainder of the actual supply is to be treated as if it were a separate supply that is not a ***supply of low value goods***.

Low value goods

(3) This subsection covers goods if:

(a) the *customs value of the goods is $1,000 or less; and

(b) the goods are not tobacco, tobacco products or alcoholic beverages.

(4) Work out the *customs value of goods for the purposes of this section at the time when the *consideration for the supply was first agreed, and as if:

(a) the goods were exported from the country from which they were brought to the indirect tax zone; and

(b) the goods were imported into Australia; and

(c) the agreement for the supply was an agreement for the importation and for the exportation; and

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(d) to the extent that working out the value involves an assumption about the way in which the Collector (within the meaning of the *Customs Act 1901*) will exercise a discretion—the Collector exercised that discretion in a reasonable manner in accordance with law; and

(e) if an amount to be taken into account in working out that value is not an amount in Australian currency, the amount so taken into account is the equivalent in Australian currency of that amount, ascertained in any of the following ways:

(i) in the way provided in section 161J of the *Customs Act 1901*;

(ii) in the manner determined by the Commissioner under subsection (5) of this section.

(5) The Commissioner may, by legislative instrument, determine a manner of ascertaining an amount in Australian currency for the purposes of paragraph (4)(e).

(6) Disregard section 84-81 in applying this section.

84-81 Who makes an offshore supply of low value goods

(1) This section does not apply to a supply to the extent it is *connected with the indirect tax zone because of a provision of this Act other than this Subdivision.

(2) This section applies in relation to an *offshore supply of low value goods, regardless of whether the *recipient of the supply is a *consumer.

Note: If the recipient is not a consumer, the entity treated as a supplier by this section must still ensure information is included in customs documents: see section 84-91.

Operator of electronic distribution platform—extension of section 84-55

(3) Section 84-55 applies to a supply as if it were an *inbound intangible consumer supply if:

(a) the supply is made through an *electronic distribution platform; and

(b) the supply is an *offshore supply of low value goods.

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Note: Section 84-55 treats the operator of an electronic distribution platform as the supplier of supplies made through the platform.

Redeliverer

(4) If a supply of goods is an *offshore supply of low value goods solely because of subsection 84-77(3), the *redeliverer is taken, for the purposes of this Act:

(a) as being the supplier of, and as making, the supply; and

(b) as having made the supply for the *consideration for which it was made; and

(c) as having made the supply in the course or furtherance of an *enterprise that the redeliverer *carries on.

(5) Despite subsection (4), if there is more than one *redeliverer in relation to the supply, that subsection only applies to the redeliverer who is:

(a) the first of the redeliverers to enter into an arrangement, with the *recipient, relating to the supply; or

(b) if paragraph (a) does not apply—the first of the redeliverers to enter into an arrangement, with an *associate of the recipient, relating to the supply; or

(c) if paragraphs (a) and (b) do not apply—the first of the redeliverers to enter into an arrangement, of a kind referred to in subsection 84-77(4), relating to the supply; or

(d) if paragraphs (a), (b) and (c) do not apply—the redeliverer determined in accordance with an instrument made under subsection (6).

(6) The Commissioner may, by legislative instrument, make a determination specifying how a *redeliverer of *offshore supplies of low value goods is to be determined for the purposes of paragraph (5)(d).

(7) Division 57 (resident agents acting for non-residents) does not apply in relation to a supply to which subsection (4) applies.

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84-83 Exception—when supplier reasonably believes there will be a taxable importation

(1) This section does not apply to a supply to the extent it is *connected with the indirect tax zone because of a provision of this Act other than this Subdivision.

(2) An *offshore supply of low value goods is *not* ***connected with the indirect tax zone*** to the extent that:

(a) the supplier takes reasonable steps to obtain information about whether or not the goods would be imported into the indirect tax zone as a *taxable importation; and

(b) after taking those steps, the supplier reasonably believed that the goods would be imported into the indirect tax zone as a taxable importation.

(3) Without limiting subsection (2), paragraph (2)(a) is taken to be satisfied if the supplier's usual business systems and processes provide the supplier with a reasonable basis for forming a reasonable belief about whether or not goods to be imported into the indirect tax zone would be imported as a *taxable importation.

(4) For the purposes of paragraph (2)(b), the time at which the supplier must have the reasonable belief is:

(a) if subsection 84-81(4) (about redeliverers treated as suppliers) does not apply—at the most recent time before export that the *consideration for the supply was agreed; or

(b) if subsection 84-81(4) applies—at the time of delivering the goods into the indirect tax zone, or procuring, arranging or facilitating the delivery of the goods into the indirect tax zone.

(5) This section has effect despite section 84-75.

84-85 Exception—when there is also a taxable importation

(1) Subsection (2) applies to an *offshore supply of low value goods you made to the extent that:

(a) the supply is, apart from this section, a *supplier-taxed offshore supply of low value goods; and

(b) an importation of the goods was a *taxable importation.

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Note: This section applies if section 42-15 has not applied to treat the importation as a non-taxable importation.

(2) The supply is treated as if it were not a *taxable supply if:

(a) to the extent (if any) that you have *passed on the GST on the supply to another entity—you reimburse the other entity for the passed on GST; and

(b) an entity provides to you a declaration or information that indicates that GST has been paid on the *taxable importation.

(3) A supply of goods is a ***supplier-taxed offshore supply of low value goods*** if the supply is:

(a) an *offshore supply of low value goods; and

(b) a taxable supply solely under section 9-5; and

(c) *connected with the indirect tax zone solely because of this Subdivision.

84-87 No tax invoices or adjustment notes for offshore supplies of low value goods

(1) You are not required to issue a *tax invoice for a *taxable supply that you make if the supply is a *supplier-taxed offshore supply of low value goods.

(2) You are not required to issue an *adjustment note for an *adjustment event relating to a *taxable supply that you make if the supply is a *supplier-taxed offshore supply of low value goods.

(3) This section has effect despite sections 29-70 and 29-75 (which are about tax invoices and adjustment notes).

84-89 Notifying amounts of GST to recipients of offshore supplies of low value goods

(1) You must give the *recipient of a supply a notice of the amount of GST (if any) payable in relation to the supply if the supply is a *supplier-taxed offshore supply of low value goods.

(2) You must give the notice in the *approved form, and at the time the *consideration for the supply is first agreed.

(3) If:

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(a) you make a *supplier-taxed offshore supply of low value goods; and
(b) you did not give a notice under subsection (1); and
(c) the *recipient of the supply requests you to notify the recipient of the amount of GST (if any) payable in relation to the supply;

you must, within 5 *business days after the request is made, give the recipient a notice of that amount in the *approved form.

Note: If you do not give the notice as required by this subsection, you are liable to an administrative penalty under subsection 288-45(2A) in Schedule 1 to the *Taxation Administration Act 1953*.

84-91 The amount of GST on offshore supplies of low value goods made by redeliverers

(1) If a *supplier-taxed offshore supply of low value goods is an *offshore supply of low value goods solely because of subsection 84-77(3), the amount of GST on the supply is 10% of the *price of the supply.

(2) This section has effect despite section 9-70 (which is about the amount of GST on taxable supplies).

Note: Section 9-90 (rounding of amounts of GST) can apply to amounts of GST worked out using this section.

84-93 Suppliers of offshore supplies of low value goods to ensure tax information is included in customs documents

(1) If:
(a) you make an *offshore supply of low value goods; and
(b) you are *registered, or *required to be registered;

you must ensure that the information set out in subsection (2) is included in one or more of the documents referred to in subsection (3) (regardless of whether or not the supply is *connected with the indirect tax zone).

Note: If you do not ensure the information is included, you are liable to an administrative penalty under section 288-46 in Schedule 1 to the *Taxation Administration Act 1953*.

(2) For the purposes of subsection (1), the information is as follows:
(a) your registration number;

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(b) if the *recipient's *ABN has been disclosed to you—that ABN;

(c) the extent (if any) to which you are treating the supply as a *taxable supply.

(3) For the purposes of subsection (1), the documents are as follows:

(a) an import declaration (within the meaning of the *Customs Act 1901*);

(b) an import declaration advice (within the meaning of that Act);

(c) a self-assessed clearance declaration (within the meaning of that Act);

(d) a self-assessed clearance declaration advice (within the meaning of that Act);

(e) a document of a kind specified in an instrument made under subsection (4).

(4) The Commissioner may, by legislative instrument, make a determination specifying kinds of documents for the purposes of paragraph (3)(e).

39 Subdivision 84-C (heading)

Repeal the heading, substitute:

Subdivision 84-D—Consumers of offshore supplies

40 Section 84-95

Repeal the section, substitute:

84-95 What this Subdivision is about

A supplier is treated in some situations to be making a supply to an entity that is not a consumer, or not an Australian consumer.

Note 1: Whether the recipient of a supply of an intangible is an Australian consumer is one of the tests for whether the supply is connected with the indirect tax zone: see subsection 9-25(5).

Note 2: Whether the recipient of an offshore supply of low value goods is a consumer is one of the tests for whether the supply is connected with the indirect tax zone: see subsection 84-75(1).

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Note 3: Supplies affected by this Subdivision may be supplies that are taxable supplies, and reverse charged, under Subdivision 84-A.

41 After section 84-100

Insert:

84-105 When entities are treated as not being consumers

(1) The *GST law applies in relation to you as if another entity was not a *consumer of a supply if you reasonably believe that the other entity is not a consumer of the supply.

(2) For the purposes of subsection (1), your belief is reasonable only if:

(a) the other entity's *ABN, or the other identifying information prescribed under subsection (3) relating to the other entity, has been disclosed to you; and

(b) the other entity has provided to you a declaration or information that indicates that the other entity is *registered.

(3) The Commissioner may, by legislative instrument, make a determination prescribing identifying information for the purposes of paragraph (2)(a).

42 Subdivision 84-D

Repeal the Subdivision.

43 Paragraph 117-5(1)(a)

Omit "Comptroller-General of Customs (within the meaning of the *Customs Act 1901*)", substitute "*Comptroller-General of Customs".

44 At the end of subsection 142-5(2)

Add:

; (c) an amount of GST to which section 142-16 (about low value goods) applies.

45 At the end of Subdivision 142-A

Add:

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142-16 No refund of excess GST relating to supplies treated as non-taxable importations

(1) This section applies to an amount of GST on a supply (the ***low value goods GST***) that is taken into account in your *assessed net amount for a tax period if:

(a) you incorrectly treated the low value goods GST as payable on a supply of goods; and

(b) an importation of the goods was a *taxable importation, but was incorrectly treated as being a *non-taxable importation under section 42-15; and

(c) the *recipient of the supply is a *consumer of the supply.

(2) For the purposes of each *taxation law, the low value goods GST is taken to have always been payable on a *taxable supply until:

(a) to the extent (if any) that you have *passed on the GST to another entity—you reimburse the other entity for the passed on GST; and

(b) an entity provides to you a declaration or information that indicates that GST has been paid on the *taxable importation.

46 Paragraph 142-25(2)(a)

After "a *tax invoice", insert "or a notice under section 84-89".

47 Paragraphs 142-25(2)(b) and (c)

After "the invoice", insert "or notice".

48 Subsection 142-25(2)

Omit "the invoice is", substitute "the invoice or notice is".

49 After Division 144

Insert:

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Division 146—Limited registration entities

146-1 What this Division is about

Non-residents may elect to be limited registration entities. Limited registration entities are not entitled to input tax credits for acquisitions and importations, and must have quarterly tax periods.

Note: The Commissioner may approve simpler approved forms for limited registration entities: see subsection 388-50(3) in Schedule 1 to the *Taxation Administration Act 1953*.

146-5 Limited registration entities

(1) You are a ***limited registration entity*** for a tax period applying to you if an election under subsection (2) is in effect for you during the period.

Electing to be a limited registration entity

(2) You may, by notifying the Commissioner in the *approved form, make an election under this subsection if you are a *non-resident who:

(a) makes, or intends to make, one or more supplies that are:

(i) *inbound intangible consumer supplies; or

(ii) *offshore supplies of low value goods that were, or would be, *connected with the indirect tax zone, solely because of Subdivision 84-C; or

(b) is, or intends to become, a *redeliverer of *offshore supplies of low value goods.

When an election is in effect

(3) The election:

(a) takes effect from the start of the tax period you nominate in the election; and

(b) if your *registration is cancelled and the date of effect of the cancellation occurs after the start of that tax period—ceases to have effect on the date of effect of the cancellation; and

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(c) if paragraph (b) does not apply and, under subsection (5), you revoke the election—ceases to have effect at the start of your first tax period to start after the revocation.

(4) However, the election never takes effect if your *registration is cancelled and the date of effect of the cancellation occurs on or before the start of the tax period you nominate in the election.

Revoking an election

(5) You may, by notifying the Commissioner in the *approved form, revoke an election under subsection (2).

(6) However, subsection (5) does not apply if you have been notified that the Commissioner has decided to cancel your *registration (whether or not the cancellation has already taken effect).

146-10 Limited registration entities cannot make creditable acquisitions

(1) An acquisition made by a *limited registration entity is not a *creditable acquisition if an election under subsection 146-5(2) is in effect for the entity when the acquisition is made.

(2) However, subsection (1) does not apply, and is taken never to have applied, to the acquisition if you revoke the election under subsection 146-5(5) during:

(a) the *financial year in which the acquisition is made; or

(b) the next financial year.

(3) This section has effect despite section 11-5 (which is about what is a creditable acquisition).

146-15 Limited registration entities cannot make creditable importations

(1) An importation made by a *limited registration entity is not a *creditable importation if an election under subsection 146-5(2) is in effect for the entity when the importation is made.

(2) However, subsection (1) does not apply, and is taken never to have applied, to the importation if you revoke the election under subsection 146-5(5) during:

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(a) the *financial year in which the importation is made; or
(b) the next financial year.

(3) This section has effect despite section 15-5 (which is about what is a creditable importation).

146-20 Entries in the Australian Business Register

(1) Subsection 25-10(2) does not apply if:
(a) you become *registered; and
(b) on the date your registration takes or took effect, you are a *limited registration entity.

Note: Under subsection 25-10(2), the Australian Business Registrar would otherwise be required to enter that date in the Australian Business Register.

(2) However, if:
(a) you cease to be a *limited registration entity at a time when you are *registered; and
(b) because of subsection (1) of this section, subsection 25-10(2) did not apply to your registration;

subsection 25-10(2) is taken to apply from the time you cease to be a limited registration entity.

(3) Subsection 25-60(2) does not apply if:
(a) your *registration is cancelled; and
(b) because of subsection (1) of this section, the date on which your registration took effect was not entered in the *Australian Business Register; and
(c) immediately before the cancellation took effect, you were a *limited registration entity.

Note: Under subsection 25-60(2), the Australian Business Registrar would otherwise be required to enter that date in the Australian Business Register.

146-25 Limited registration entities have only quarterly tax periods

(1) If you are a *limited registration entity, you cannot make an election under section 27-10, and the Commissioner cannot determine your tax periods under section 27-15 or 27-37.

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Note: Sections 27-10 and 27-15 provide for each individual month to be a tax period. Section 27-37 provides for 12 complete tax periods in each year.

(2) An election by you under section 27-10 or a determination under section 27-15 or 27-37 in relation to you is taken not to be in force at any time during which you are a *limited registration entity.

(3) This section has effect despite sections 27-10, 27-15 and 27-37 (which are about one month tax periods).

50 Subsection 153-55(4A)

After "section 84-55", insert "or section 84-81".

51 Subsection 153-55(4A) (note)

Repeal the note, substitute:

Note: These sections treat an operator of an electronic distribution platform, or a goods redeliverer, as having made the supply.

52 Subsection 153-60(3A) (note)

After "inbound intangible consumer supply", insert ", or an offshore supply of low value goods,".

53 At the end of subsection 165-10(1)

Add:

; or (e) each of the following applies:

(i) the entity is the *recipient of a *supply that is not *connected with the indirect tax zone;

(ii) apart from the scheme or a part of the scheme, the supply would be, or could reasonably be expected to be, connected with the indirect tax zone solely because of Subdivision 84-C;

(iii) an amount that is payable, in relation to the supply, by another entity under this Act apart from this Division is, or could reasonably be expected to be, smaller than it would be apart from the scheme or a part of the scheme;

(iv) the amount by which that amount is smaller is not, or could not reasonably be expected to be, equal to the amount of any decrease in the amount of any input tax credit to which the recipient is entitled in relation to the acquisition of the thing supplied.

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53A At the end of Division 177

Add:

177-20 Review of provisions relating to offshore supplies of low value goods

(1) By the day after this section commences, the Productivity Minister must, under Part 3 of the *Productivity Commission Act 1998*, refer to the Productivity Commission for inquiry the matter of the amendments to this Act made by the amending Act, including:

(a) the effectiveness of the amendments; and

(b) whether models for collecting goods and services tax in relation to *offshore supplies of low value goods other than the amendments might be suitable (including evaluation of the effects of the models on Australian small businesses and *consumers); and

(c) any other aspect the Productivity Commission considers relevant to the implementation of the amendments.

(2) In referring the matter to the Productivity Commission for inquiry, the Productivity Minister must:

(a) under paragraph 11(1)(a) of the *Productivity Commission Act 1998*, require the Productivity Commission to hold hearings for the purposes of the inquiry; and

(b) under paragraph 11(1)(b) of that Act, specify the period ending on 31 October 2017 as the period within which the Productivity Commission must submit its report on the inquiry; and

(c) under paragraph 11(1)(d) of that Act, require the Productivity Commission to make recommendations in relation to the matter referred to in subsection (1).

Note: Under section 12 of the *Productivity Commission Act 1998*, the Productivity Minister must cause a copy of the Productivity Commission's report to be tabled in each House of the Parliament.

(3) The Productivity Minister must not withdraw the reference before the Productivity Minister has received the report.

(4) For the purposes of paragraph 6(1)(a) of the *Productivity Commission Act 1998*, the matter mentioned in subsection (1) is

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taken to be a matter relating to industry, industry development and productivity.

(5) In this section:

amending Act means the *Treasury Laws Amendment (GST Low Value Goods) Act 2017*.

Productivity Minister means the Minister administering the *Productivity Commission Act 1998*.

54 Section 195-1

Insert:

business day has the meaning given by subsection 995-1(1) of the *ITAA 1997.

Comptroller-General of Customs has the same meaning as in the *Customs Act 1901*.

55 Section 195-1 (definition of *connected with the indirect tax zone*)

After "9-25", insert ", 84-75".

56 Section 195-1 (note at the end of the definition of *connected with the indirect tax zone*)

Repeal the note, substitute:

Note: This meaning is also affected by sections 9-26, 84-83 and 96-5.

57 Section 195-1

Insert:

consumer has the meaning given by section 84-75.

58 Section 195-1 (definition of *limited registration entity*)

Omit "section 84-140", substitute "section 146-5".

59 Section 195-1

Insert:

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offshore supply of low value goods has the meaning given by section 84-77.

redeliverer, of a *supply of low value goods, has the meaning given by subsection 84-77(4).

supplier-taxed offshore supply of low value goods has the meaning given by section 84-85.

supply of low value goods has the meaning given by section 84-79.

60 Section 195-1 (note at the end of the definition of *taxable supply*)

After "80-50", insert "84-85,".

Taxation Administration Act 1953

61 Subparagraph 284-75(4)(b)(ii) in Schedule 1

Omit "and", substitute "or".

62 At the end of paragraph 284-75(4)(b) in Schedule 1

Add:

(iii) might reasonably be expected to be used, by an entity in determining, for the purposes of the GST law, whether a supply made by you is connected with the indirect tax zone (within the meaning of that Act) because of Subdivision 84-C of that Act; and

63 After subsection 288-45(2) in Schedule 1

Insert:

(2A) You are liable to an administrative penalty of 20 penalty units if you fail to give a notice as required by subsection 84-89(3) of the *GST Act.

64 After section 288-45 in Schedule 1

Insert:

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288-46 Penalty for failing to ensure tax information about supplies of low value goods is included in customs documents

You are liable to an administrative penalty of 20 penalty units if:

(a) you are required by section 84-93 of the *GST Act to ensure that the information set out in subsection 84-93(2) of that Act is included in one or more of the documents referred to in subsection 84-93(3) of that Act; but

(b) you fail to take reasonable steps to do so.

65 Application

(1) The amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* by this Schedule, so far as they relate to working out net amounts for a tax period:

(a) apply to tax periods starting on or after 1 July 2018; and

(b) do not apply to a tax period starting before 1 July 2018.

(2) Subject to subitem (1), the amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* by this Schedule, so far as they relate to importations, apply to importations made on or after 1 July 2018.

66 Limited registration entities

An election under subsection 84-140(2) of the *A New Tax System (Goods and Services Tax) Act 1999* that was in effect immediately before the commencement of this item continues after that commencement as if it was an election under subsection 146-5(2) of that Act as amended by this Schedule.

[*Minister's second reading speech made in—*
House of Representatives on 16 February 2017
Senate on 14 June 2017]

(33/17)

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