



Australia's Low Value Threshold for Goods Entering the Country Frequently Asked Questions

Answers for the following questions have been provided by DHL Express

Q1. Can you explain the changes to Australia's Low Value Threshold for goods entering the country?

A1. From 1 July 2018, there will be changes to the low value threshold, reducing it to AUD 0.00 for goods sent directly to consumers from businesses that meet specific criteria. Currently, all* goods from overseas valued at AUD 1,000 or under are exempt from goods and services tax (GST).

**excludes alcohol & tobacco products*

Q2. How may this change affect my business if I am exporting to Australia?

A2. Businesses that generate more than AUD 75,000 in business to consumer (B2C) gross sales revenue per annum from Australia will need to register for the Australian goods and services tax (GST) and charge this at point of sale. Customers may include [online shopping platforms](#), [independent merchants](#) and [mailbox re-delivery service providers](#).

Q3: Will this delay my shipments?

A3: DHL does not foresee any changes nor delays in the clearance processing times of shipments. However, this situation will be monitored closely by DHL on implementation and customers will be informed immediately if there is any expected impact.

Q4. What will my business have to do in order to comply?

A4. Businesses that meet the AUD 75,000 B2C threshold are required to:

1. Register with the Australian Taxation Office (ATO) here:
<https://www.ato.gov.au/Business/International-tax-for-business/In-detail/Doing-business-in-Australia/Australian-GST-registration-for-non-residents/>
Once registered, businesses will receive an ATO Reference Number (ARN).
2. Charge and collect GST on sales of low value goods to Australian consumers.
3. Provide DHL with the business' ARN when shipping goods to Australian consumers.
4. Lodge GST returns to the ATO periodically.

Q5. When will these new rules come into effect?

A5. The legislation has been passed with a go-live date of 1 July 2018.

Q6. Why is this taking place?

A6. The majority of GST paid in business to business (B2B) transactions is claimed back when goods are on-sold to the end consumer. This legislation is aimed at goods sent to consumers and bought directly from international retailers.

Q7. Does this apply to all shipments with a value of less than AUD 1,000?

A7. No, under the current model there will be no changes to GST on goods delivered for business purposes to business addresses (B2B businesses).

The legislated model abolishes the AUD 1,000 GST-free threshold for goods delivered directly to consumers (B2C businesses), and only when they originate from companies with a turnover of more than AUD 75,000 in a 12-month period.



Q8. How will the tax be collected?

A8. Information explaining exactly how businesses will register, collect and remit GST can be found on the Australian Taxation Office (ATO) website: www.ato.gov.au/AusGST.

B2C businesses that meet the annual turnover criteria will be required to:

1. Register with the ATO here: <https://www.ato.gov.au/Business/International-tax-for-business/In-detail/Doing-business-in-Australia/Australian-GST-registration-for-non-residents/>
Once registered, businesses will receive an ATO Reference Number (ARN).
2. Charge and collect GST on sales of low value goods to Australian consumers.
3. Provide DHL with the business' ARN when shipping goods to Australian consumers.
4. Lodge GST returns to the ATO periodically.

Q9. How much time will it take to make my business compliant with this regulation?

A9. An ATO Registration Number (ARN) can be obtained via the ATO website. Sufficient time should be taken to ensure a business' website is capable of capturing GST payment at the point of sale and that the tax is invoiced to the end consumer accordingly.

Q10. Will DHL collect this tax on behalf of the government, like you do for high value imports (those above AUD 1,000)?

A10. No, under the new model the Australian government will ask international B2C businesses with a turnover of more than AUD 75,000 per annum to collect GST at the point of sale and then remit it to the ATO periodically.

Q11. Do these changes affect the rate of duty payable on low value shipments?

A11. No, the changes only relate to goods and services tax.

Q12. What role does DHL have in administering this regulation?

A12. When shipping goods into Australia via the DHL network, applicable businesses will be required to input their ARN to the **Receiver/Consignee VAT/GST field** in their DHL Express electronic shipping solution. The ARN number will be provided by DHL to the ATO.

Q13. What if I register with the ATO but a portion of my sales are to Australian Registered Businesses (B2B sales)?

A13. You will be still required to input your ARN into the Receiver/Consignee VAT/GST field but you must also capture the Australian Business Number (ABN) of the purchaser and provide this to DHL. For further instructions on how to input these values, please refer to the accompanying LVT Technical Document.

Q14. What if I choose not to comply?

A14. The ATO has a range of compliance and enforcement measures at its disposal in respect to the new GST collection model. Further details are published on the ATO website www.ato.gov.au/AusGSTCompliance.

Q15. How can I find out more information?

A15. For more information on the changes, exemptions, and how businesses can register for an ARN, visit the ATO website: <https://www.ato.gov.au/Business/International-tax-for-business/In-detail/Doing-business-in-Australia/Tax-on-retail-sales-of-goods-and-services-into-Australia/?=redirected>. You can also contact the ATO via email at AustraliaGST@ato.gov.au or directly on +61 2 6216 1111 between 8.00am to 5.00pm (UTC+10:00), Monday to Friday.



Answers for the following questions have been provided by the ATO. Should you have further questions regarding the details of this new legislation, please contact the ATO via email at AustraliaGST@ato.gov.au or directly on +61 2 6216 1111 between 8.00am to 5.00pm (UTC+10:00), Monday to Friday.

Q16. How often must the vendor lodge GST returns to the Australian Taxation Office (ATO)? What is the frequency of 'periodically'?

A16. 'Periodically' depends on whether a business has registered in the simplified system or in the full system.

If a business has registered in the simplified system then returns will be required to be lodged on a quarterly basis. More information: <https://www.ato.gov.au/business/international-tax-for-business/gst-on-low-value-imported-goods/registration/>

If a business has registered in the full system then the normal rules apply, depending on turnover. Lodgement frequency will either be on a monthly or quarterly basis. More information: <https://www.ato.gov.au/business/gst/lodging-your-bas-or-annual-gst-return/options-for-reporting-and-paying-gst/>

Q17. When a business charges and collects GST on sales, must the GST be explicitly mentioned in the shopping cart (in a breakdown of the total)?

A17. Generally, the ATO expects that most businesses would follow the concept of GST-inclusive pricing and display a GST-inclusive price at the point of sale.

The ATO's view is that if the business is unsure as to whether Australian GST will apply, the business can display a message to the consumer about the potential for additional taxes to apply.

As soon as it is clear that GST applies, the business must show the GST-inclusive price. Practically, the consumer should know before they accept the price.

See paragraph 176 of the following for more information:

<https://www.ato.gov.au/law/view/document?DocID=COG/LCR20181/NAT/ATO/00001&PiT=99991231235958#P176>

Q18. Must GST charged on sales be explicitly mentioned on the commercial invoice (a breakdown of the total) or can the vendor state, for example: 'AUD 700 total price of the product (GST included)'?

A18. In short, yes. The documentary requirements are listed on the ATO website and in the law companion guide.

See paragraph 194 of the following for more information:

<https://www.ato.gov.au/law/view/document?DocID=COG/LCR20181/NAT/ATO/00001&PiT=99991231235958#P194>

Q19. Can the business choose to pay GST on behalf of the consumer? For example, not charge GST on the sale but lodge GST periodically to the ATO anyway?

A19. For supplies made by Electronic Distribution Platforms and merchants, the GST is actually 1/11th of the price charged. See paragraph 171 of the following for more information:

<https://www.ato.gov.au/law/view/document?DocID=COG/LCR20181/NAT/ATO/00001&PiT=99991231235958#P171>

There are special rules for re-deliverers. See paragraph 44 of the following for more information: <https://www.ato.gov.au/law/view/document?DocID=COG/LCR20183/NAT/ATO/00001&PiT=99991231235958#P44>



Q20. Is a business obligated to mention in its 'Terms and Conditions' that the Treasury Laws Amendment (GST Low Value Goods) Bill 2017 requires them to charge and collect GST on the sale of low value goods?

A20. There is no legal requirement for businesses to do this.