

22 September 2021

The Board of Taxation  
The Treasury

Via email: [LVIG@taxboard.gov.au](mailto:LVIG@taxboard.gov.au)

To whom it may concern

### **SUBMISSION TO THE REVIEW OF GST ON LOW VALUE IMPORTED GOODS**

The Australian Retailers Association (ARA) would like to thank the Board of Taxation for the opportunity to provide a submission in response to its review of GST on Low Value Imported Goods.

The ARA is Australia's largest and oldest retail industry group and represents around 7,500 independent, national and international members. The ARA is the trusted voice for Australia's \$360 billion retail sector, which employs more than 1.2 million people.

The ARA believes that the Australian tax system should be efficient and fair, and supports the Low Value Imported Goods measure introduced in July 2018 to provide an even playing field between local retailers and overseas competitors. As such it is pleasing to see that Board of Taxation assessing the effectiveness of the measure and its ongoing operation.

While the ARA consists predominantly of Australian-based retailers, there are nevertheless a small number of observations for the Board to consider to improve or simplify the successful LVIG measure. Unfortunately, the ARA and its members do not have the visibility to assess whether overseas vendors or platforms adhere to GST requirements, however we are aware that re-deliverers are exposed to some GST risk for products shipped from overseas.

We would like to reiterate that feedback has broadly been positive about the scheme from local retailers, including Australian-based electronic platforms which sell products from domestic and international vendors to Australian consumers.

#### **Issues for consideration**

We are aware of concerns around the re-deliverer model of the LVIG scheme, which places some obligations around compliance and a tax liability for carriers receiving goods from overseas for delivery to Australian consumers. These carriers can have limited visibility on the vendors or platforms which send products for redelivery, and face logistical challenges and tax liability risks for cargo received in Australia.

It is difficult to assess whether overseas vendors have sufficient awareness of the LVIG scheme, however there is some evidence to suggest that compliance can be a difficult, particularly due to a lack of understanding around customs documentation which needs to be filled out correctly by shippers as part of GST assessment process. This is particularly difficult to verify for goods received in aggregated shipments, which include products received in bulk from multiple sources – some of which are liable and some of which are exempt from GST requirements. For aggregated cargo, it is possible for one non-compliant parcel to delay an entire pallet, causing shipping delays for the remaining products and producing an unsatisfactory outcome for both the overseas vendor and domestic consumer waiting to receive their goods.

We believe that the re-deliverer model of the LVIG should be reconsidered to ensure that the risk of paying a GST liability does not lie with the re-deliverer, which has the least knowledge about the goods received and the least capacity to verify the accuracy of documentation.

Thank you for the opportunity provide a submission in response to this review. If you would like to discuss any of the content of this submission further, please do not hesitate to contact me on 03 8660 3306 or on [paul.zahra@retail.org.au](mailto:paul.zahra@retail.org.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Zahra', written in a cursive style.

**Paul Zahra**  
**Chief Executive Officer**