

22 September 2021

The Board of Taxation
C/- The Treasury Langton Crescent
PARKES ACT 2600



Via email LVIG@taxboard.gov.au.

www.FTAlliance.com.au

Goods and Services Tax - Review of Low Value Imported Goods

Dear Secretariat for the Board of Taxation,

Freight & Trade Alliance (FTA) represents:

- a membership of 433 businesses including Australia's largest international trade logistics service providers and major importers;
- several industry associations in a policy and operational support capacity including a dedicated secretariat role for the Australian Peak Shippers Australia (APSA) – the peak body for Australia's containerised exporters and importers designated under *Part X* of the *Competition and Consumer Act 2010* and by the Federal Minister of Infrastructure and Transport; and
- several working groups including the E-Commerce Reference Group (ECRG) comprising major marketplaces Alibaba, e-Bay and Amazon.

FTA is pleased to offer the following commentary in terms of the *Goods and Services Tax - Review of Low Value Imported Goods*:

- member feedback has identified the Australian Taxation Office (ATO) has taken a considered and reasonable approach to compliance activity since Low Value Imported Goods (LVIG) implementation on 1 July 2018;
- it is recommended the ATO expand its informed compliance measures to deter fraudulent activity and to ensure that postal and cargo handling services operate on a "level playing field" ensuring all low value goods imported by consumers face the same tax regime as goods that are sourced domestically;
- as international freight forwarders, some of our members have voiced concern around the equity of measures being applied to post with our understanding that cargo reporting via the Integrated Cargo System (ICS) at the consignment level is not required by Australian Post in all instances - it is recommended that Australia Post is held to the same rules as commercial import logistics providers;
- a particular focus is required as to whether additional platforms should be required to collect and remit Goods & Services Tax (GST) on behalf of foreign suppliers - as it stands, a foreign business that chooses to sell LVIG into Australia via an electronic distribution platform (EDP) has GST applied from their first sale. An EDP is then required to collect and remit GST on those sales. While there is no objection to these arrangements, feedback from our members suggests that the definition of EDP is not being applied consistently; and
- there are a number of businesses that provide platform service support for foreign businesses that sell LVIG that should be similarly considered EDPs - allowing foreign businesses to sell LVIG via other platforms without having GST applied is unfair and creates distortions in the market.

The above undermines the intent of the LVIG regime by enabling businesses who sell to Australia via these platforms to charge 10% less than via EDPs or other domestic competitors (this encourages consumers to shop on less trusted websites which do not provide guarantees on purchases, reduces government tax revenue and most importantly reduces the competitiveness of Australian retail).

As a general tax compliance, integrity and transparency measure, FTA recommends the ATO document and report on those EDPs required to collect and remit on an annual basis. As we are likely to see new entrants into the Australian market in the coming years, this would assist in demonstrating these entities are compliant with the rules.

Please feel free to contact me direct on 02 9975 1878 / 0408280123 or pzalai@FTAlliance.com.au



Paul Zalai

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