



AUSTRALIAN CUSTOMS NOTICE NO. 2010/33

Changes to the calculation of the Value of Taxable Importation (VoTI) for domestic transport supplies

This notice is to advise of amendments to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) that will change the determination of the VoTI in certain circumstances. It replaces information in ACN 2005/23, which Customs and Border Protection will review and reissue.

Tax Laws Amendment (2010 GST Administration Measures No. 3) Act 2010 Schedule 1 made the relevant amendments to the GST Act.

The changes relate primarily to importations made on a door-to-door basis. Typically known as delivered duty paid or delivered duty unpaid where the supply agreement is for the sale of the goods to the local purchaser and the domestic transport of the goods forms part of the agreement for the international transport.

The previous legislative arrangements

Prior to these amendments, the supply of transport services for non postal goods transported from overseas to Australia by transport providers was GST-free up to the port or airport of final destination (being the place of consignment as defined under previous law) and the Australian leg of the inbound transport of goods from the port or airport of final destination was taxable. Place of consignment was different for postal and non-postal goods. As a result, for postal goods GST-free treatment applied to international transport services up to the Australian address identified on the post article.

New legislative framework

Under the amended GST Act, for most door-to-door deliveries, the cost of the domestic transport and insurance and the costs of loading, handling and other services from the port or airport to the place of delivery in Australia will be GST-free:

- for the supplier who brings the goods to Australia (typically a non-resident who is not in Australia), or
- for subcontractors who supply services to a non-resident who is not in Australia.

These costs, to the extent there is no double counting, will generally be included in the VoTI.

This change ensures the tax liability falls to **the importer** of the goods rather than the non-resident entity with a responsibility to provide the transport of the imported goods.

Please refer to the ATO fact sheet at <http://www.ato.gov.au/content/00247194.htm> for further information on the new laws.

New legislative requirements – VoTI Determination

An important aspect of the GST Act amendments is the change to the *place of consignment* definition for non-postal goods. The place of consignment plays a major role in determining the extent to which domestic transport and other service costs need to be included in the VoTI.

For taxable importations made after 1 July 2010, the VoTI is determined as:

the sum of:

- the customs value of the goods
- any customs duty payable in respect of the importation of the goods
- the amount paid or payable to transport the goods to the *place of consignment* and to insure the goods for that transport
- the amount paid or payable for loading, handling and other services that facilitate the delivery of goods to the *place of consignment* to the extent they are not already included in the above, and
- any wine equalisation tax payable in respect of the local entry of the goods.

GST is 10% of the VoTI.

Please refer to the ATO fact sheet at <http://www.ato.gov.au/content/00247194.htm> for further information on the new laws.

Integrated Cargo System (ICS) requirements for domestic transport supplies

No ICS software changes are necessary for the GST Act amendments.

In circumstances where the amounts for domestic transport, insurance, loading, handling and other services that facilitate the delivery of goods are to be included in the VoTI, this can be reported in the ICS using the existing valuation or transport and insurance data fields that are required to be completed in the header section of the import declaration document.

For queries concerning this ACN, please contact the Customs Information and Support Centre on 1300 363 263.

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