LCR 2018/3EC - Compendium

This cover sheet is provided for information only. It does not form part of *LCR 2018/3EC - Compendium*

Generated on: 4 June 2026, 02:36:22 AM

This edited version of the Compendium of Comments is not intended to be relied upon. It provides no protection from primary tax, penalties, interest or sanctions for non-compliance with the law.

Public advice and guidance compendium - LCR 2018/3

Summary of issues raised and responses

No:	Issue raised in relation to draft Law Companion Ruling LCR 2017/D5	ATO Response/Action taken in Law Companion Ruling LCR 2018/3
1	If invoice is attached with the goods, then we would input the declared value for the customer at point of receipt of item in the USA warehouse. If the goods have a declared customs value greater than A$1,000, an invoice is required to complete the import declaration. If invoice is not attached, then customer would have to declare the good's value and we have no visibility on whether that is the true value as we have not sighted the invoice. Clarification is required on how to treat goods coming in without adequate proof of value and whether we can rely on a customer's declaration of value. Our biggest issue will continue to be the validation of invoices or other alternative evidence to establish the price paid for the items shipped. It will be a resource-intensive step in the process that is likely to make the service unviable.	These issues of substantiation are best looked at on a case-by-case basis - we are happy to engage with taxpayers to give assistance based on their facts and circumstances.
2	Can the ATO confirm that: - if an item is low value <=A$1000, the redeliverer is liable for GST on value of US transaction (goods + US freight) + GST on freight services from US to AU - if item is high value >A$1000, we go through standard high value clearance - consumer pays GST+ Duty through customs broker on value of US transaction - would the redeliverer still charge GST on freight from US to AU? Our interpretation is that it is not subject to GST	This is explained in LCR 2018/1 *GST on low value imported goods.* For redeliverers, if the goods are low value goods (that is, customs value of A$1,000 or less except for alcoholic beverages, tobacco and tobacco products), the GST will be: - 10% of the price of the goods (which would include amounts for shipping and insurance/foreign sales tax etcetera), plus - 1/11th of what the recipient pays for your services.

This edited version of the Compendium of Comments is not intended to be relied upon. It provides no protection from primary tax, penalties, interest or sanctions for non-compliance with the law.

No:	Issue raised in relation to draft Law Companion Ruling LCR 2017/D5	ATO Response/Action taken in Law Companion Ruling LCR 2018/3
	and the normal GST free treatment of international freight applies. It is not a taxable supply as it is not a low value good. We can still treat it as GST free. We need another example in either D2 or D5 which deals with the calculation of customs value and the service charge. Confirmation is required on whether section 38-355 will still apply and the freight remains GST free in relation to high value items.	However there is an exception, where using the business systems approach or reasonable steps approach, the redeliverer forms a reasonable belief that the goods will be consolidated and shipped in one consignment with a customs value over A$1,000. If so, the supply won't be connected with Australia under the amendments. The amendment in section 38-355 to switch off the GST-free treatment is linked to whether the supply of the goods is taxable because it is an offshore supply of low value goods. International transport services from the place of export to Australia will remain GST-free where the supply is not a supply of low value goods.
3	More examples are required on the calculation of taxable value and components of taxable value. Perhaps Example 3 in D2 can be made more comprehensive with different elements and their treatment. There is not a good example of customs valuation dealing with a redeliverer scenario. Either put more in D2 or move some of the examples pertaining to redeliverers into D5 and make it a more comprehensive guide on issues with all the examples and calculations affecting redeliverers.	This has been addressed by the addition of example 4, where a redeliverer is working out the customs value. The example shows: - that the customs value under the transaction value method will typically be the price paid by the recipient to the merchant overseas, converted into Australian dollars. - that amounts that the recipient has been charged for foreign inland freight or insurance, or for foreign taxes, do not need to be deducted from this price. - an example of currency conversion for both working out the customs value and the GST payable.

This edited version of the Compendium of Comments is not intended to be relied upon. It provides no protection from primary tax, penalties, interest or sanctions for non-compliance with the law.

No:	Issue raised in relation to draft Law Companion Ruling LCR 2017/D5	ATO Response/Action taken in Law Companion Ruling LCR 2018/3
4	Can more information be provided about the requirement to display a GST-inclusive price for redeliverers? The redeliverer is not able to calculate GST until it gets the information on the taxable value of the underlying goods and other components. This may not be available until after the goods have been processed at an overseas warehouse or until the customer provides the information needed.	This has been addressed by working with the ACCC to provide additional advice in the LCR about how the GST-inclusive pricing requirements apply to redeliverers.
5	Regarding the nature of items coming in, it would hard to determine which of them will be GST free items, and the default position that may need to be adopted is to treat all of them as subject to GST, unless the customer claims GST free status, for example, medical aids, food etc., resulting in corrections to GST treatment.	Agreed. Taking the default position that GST applies to low value goods is a sound approach. A redeliverer can set up a process through which recipients identify when goods are GST-free (including providing links to information on the ATO's website). However the redeliverer should be satisfied that the goods qualify as GST-free before treating them this way.
6	If an Australian exporter is using the service of an entity that is a redeliverer to process returns from customers overseas, are these returns subject to GST under the amendments?	This has been addressed in the LCR. Returns sent back to an Australian exporter via an entity that is also a redeliverer will not be connected with Australia under the low value goods rules. GST should not be charged by the redeliverer in relation to these goods.
7	With returns sent back to an Australian exporter via the redeliverer, can we rely on the declaration of ABN as sufficient proof of the customer not being an Australian consumer, or should we verify their GST registration status as well. It would place another step in the process that would be resource-intensive.	There is no specific information that is needed from a GST perspective to identify these transactions. An ABN or information that the exporter is GST-registered is not needed because this is different to a supply that the redeliverer is making to a recipient who is not a consumer. Instead this represents the supply by the Australian exporter being cancelled.
8	If a customer returns goods directly to the overseas merchant, are they eligible to claim a GST refund from the	Further information about returned goods is provided in LCR 2018/1.

This edited version of the Compendium of Comments is not intended to be relied upon. It provides no protection from primary tax, penalties, interest or sanctions for non-compliance with the law.

No:	Issue raised in relation to draft Law Companion Ruling LCR 2017/D5	ATO Response/Action taken in Law Companion Ruling LCR 2018/3
	redeliverer? What kind of proof can the redeliverer rely on to establish that the return had actually occurred to agree to give the refund? With returns made by Australian consumers direct to their overseas vendor, as we are only an inbound service, we do not have visibility of evidence. As you said in relation to taxable importations where there is no process to refund GST, can you also clarify that we will not need to refund GST on such items returned by customers to the overseas vendor.	The redeliverer would need to be satisfied that the recipient had received a refund for goods from the merchant in order to determine that GST is not payable on the supply. The ATO does not prescribe the information that the redeliverer must obtain to determine that GST does not apply because the goods have been returned. An example of what could be obtained would be an email from the merchant to confirm the recipient had been refunded. The redeliverer can make an adjustment if they have paid GST to the ATO and goods are returned to the merchant, provided that you have reimbursed the recipient for the GST.
9	What happens in a situation where the redeliverer charges GST on a supply of multiple low value goods, but the customer only pays for 1 item, as the items are sold with the expectation that they will return 2 items because only one will fit them?	When the recipient returns the goods, the situation does not result in an adjustment of the amount of GST payable on the supply, because the consideration has not changed.
10	Will the services provided by a redeliverer be GST-free when goods are destroyed at their warehouse overseas (for example if they are abandoned by the customer) or they are returned to the merchant without ever being sent to Australia?	The redeliverer's services will be GST-free in this situation, as the supply of the goods will not be taxable if they are not brought to Australia.
11	Paragraph 6 - Should an example be provided as to when a redeliverer need not account for GST, that is, when the supply is not connected with Australia or is GST-free?	Examples of how the connection rules apply and of GST-free supplies of imported goods are provided in LCR 2018/2, which applies equally to redeliverers.