Australian Experience - Applying Goods and Services Tax to Electronic Transmissions

Submitted by: Australia
Australian experience
Applying goods and services tax (GST) to electronic transmissions

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Supplies from offshore of Digital Products and Services - “inbound intangible consumer supplies”

Commenced 1 July 2017.
Growth in online purchasing from offshore.
Destination principle.

*inbound*: 
• Made from offshore

*intangible*: 
• Anything other than goods or real property (the law has no ‘list’ of supplies)

*consumer*: 
• Made to an Australian consumer

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**Digital Products:**
For example:
• Online games
• Video streaming
• Apps or computer software
• e-books
• Online subscriptions to a newspaper

**Services:**
For example, legal advice or architectural plans emailed to an Australian consumer
## Key elements

<table>
<thead>
<tr>
<th>Element</th>
<th>Digital Products and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier GST Registration Turnover</td>
<td><strong>AUD 75 000 [USD 54 000]</strong> (12 month period - supplies connected with Australia)</td>
</tr>
<tr>
<td>Supplier</td>
<td>Marketplaces (electronic distribution platforms)</td>
</tr>
<tr>
<td></td>
<td>Merchants</td>
</tr>
<tr>
<td>B2C – supplier responsible</td>
<td>Australian consumers (not registered for GST)</td>
</tr>
<tr>
<td>(previously no GST collected)</td>
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</tr>
<tr>
<td>B2B – GST registered purchaser responsible</td>
<td>GST not applied at sale – reverse charge where applicable</td>
</tr>
<tr>
<td>Registration and reporting options</td>
<td>Simplified and standard</td>
</tr>
</tbody>
</table>

**Element**

- **Digital Products and Services**
  - **AUD 75 000 [USD 54 000]** (12 month period - supplies connected with Australia)
  - Marketplaces (electronic distribution platforms)
  - Merchants
  - Australian consumers (not registered for GST)
  - GST not applied at sale – reverse charge where applicable
  - Simplified and standard
Who is the supplier?

Minimise registrations

- On-line platforms are responsible for collecting GST on all sales they facilitate between a buyer and seller (merchant) where Australia is the place of consumption

- Merchants are only responsible when a platform is not required to collect GST and Australia is the place of consumption
Engagement and Compliance

Engage
- Identify
- Law and systems design
- Confirm administrative approach

Communicate
- ‘Aware’ - ‘Prepare’ - ‘Take action’
- Web content
- Outline compliance strategy

Support
- One-to-one support for significant businesses
- Registration, payment reporting

Assure
- Communicate results
- Follow-up
- Assurance of non-compliance actions
Revenue collected

GST collected on digital products and services

- From 1 July 2017 to 30 June 2020:
  - More than 600 businesses registered including platforms
    - Platforms account for GST on taxable sales made through them
  - **36 per cent** of revenue was collected by the **top 5** platform entities, this includes
    - Fees to use the platform
    - Sales by third parties
  - **85 per cent** of revenue was collected by the **top 30** entities (top 10 platforms and 20 merchants)
When engagement doesn’t work

- Identify and assess from third party data
- Use of treaty powers
- Compulsory registration
- Penalties
- Intercepting funds
- Court actions
- Working with other tax authorities
Australian GST reforms: more information

Website guidance for GST on B2C and B2B supplies of digital products and services:
• www.ato.gov.au/AusGST
• www.ato.gov.au/AusGSTZhongguo (simplified Chinese)

Technical guidance:
• Law Companion Guideline 2016/1: GST and carrying on an enterprise in the indirect tax zone (Australia)
• GST Ruling 2017/1: making cross-border supplies to Australian consumers
• Law Companion Ruling LCR 2018/2: GST on supplies made through electronic distribution platforms

Compliance advice:
• Our compliance approach to imported services and digital products

Contact:
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Thank you