

~~IN-CONFIDENCE~~
TREASURY EXECUTIVE MINUTE

Minute No.

23 February 2010

Assistant Treasurer

cc: Treasurer

**MEETING WITH THE AUSTRALIAN TOY ASSOCIATION (RELATES TO
MINISTERIAL NO. 67291)**

Timing: Your office requested briefing for your forthcoming meeting.

Recommendation/Issue:

That you note the attached background briefing for your meeting with the Australian Toy Association.

Noted

Signature:

...../...../2011

Section 22 Not Relevant

Manager, GST General Unit
Indirect Tax Division

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ADDITIONAL INFORMATION

Key Points

Section 22 Not Relevant

- The competitive disadvantage caused by the absence of GST and customs duty on low value imports may not be as large as claimed by the ATA.
 - The revenue foregone on each import generally comprises GST of 10 per cent and customs duty of 5 per cent (the duty rate for ‘general’ goods) on the value of the taxable importation.
 - However, this saving would be to an extent offset by postage and handling costs, which can be significant. In addition, online purchasers may experience lack of sales service, risks inherent in purchasing unseen goods, the risk of delivery delays, and damage or non-supply of goods for which payment has been made. In addition there also may be practical difficulties in accessing warranty and after sales services. These factors increase the relative appeal of purchasing locally.

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Section 22 Not Relevant