**LOW VALUE IMPORT THRESHOLD – FOR PARLIAMENTARY SECRETARY TO THE TREASURER'S MEETING WITH THE NATIONAL RETAIL ASSOCIATION**

**Key points**

Section 22 Not Relevant

- Australian-based retailers argue that the low value import threshold places them at a competitive disadvantage against overseas retailers, and that an increasing number of purchases are being made overseas through the internet because the goods can be significantly cheaper. They want the low value threshold abolished or significantly reduced.
  - It is true that goods valued $1000 or less that are imported directly to consumers do not face GST (and, where applicable, customs duty) while equivalent locally sold goods are taxed. However, it is highly unlikely that the difference in prices arising from the 10 per cent GST and possibly customs duty is the factor driving overseas online sales.
- The current high value of the Australian dollar is likely to be the main contributor to stronger price competition from direct imports of low value goods. In addition, overseas suppliers may have lower overheads and a greater range of products than local retailers. There also appears to be a lack of an effective online presence for some major Australian retailers, which denies them access to the growing internet shopping market. Lowering the threshold would not overcome these factors.
- Lowering the low value import threshold would increase costs and delivery times for all importers (retailers, wholesalers and individuals purchasing online) as every good above the new threshold would need to be stopped, assessed, and the tax collected before forwarding to the addressee. Currently, goods over the threshold are not only subject to 10 per cent GST and usually 0 to 5 per cent customs duty, but are also charged a $42 to $65 import processing fee, plus possible customs brokerage of at least $100.

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