

Low Value Threshold Option

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Currently the relatively high threshold of \$1,000 strikes a balance between the impact on Australian retailers, the cost of collecting GST and duty on imported goods below this value, and the additional cost burden on individual consumers of full cost recovery.

However, a reduction of the threshold in line with improvements in parcel processing and collection should enable a transition to a lower threshold overtime. However, as noted by the WG improvements in these areas will take time, require investment in new technology and processes involving additional upfront costs.

The WG has noted that

Rationale and impact

As identified by the PC, a lowering of the low value threshold for imported goods represents good tax policy (ie tax should be neutral between goods sourced from overseas and domestically) and should be supported in principle. s47C

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- To reduce the threshold in advance of reducing costs on the community as a whole would:
 - According to the PC result in a significant dead weight loss on the community as costs outweigh revenue;
 - Equate to providing a level of import protection for domestic retailers, stifling industry's ability to respond to international market forces;

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