

s 22

From: s 22 [mailto:s22@ATO.gov.au] **On Behalf Of** s 22
Sent: Wednesday, 8 February 2017 4:38 PM

To: s 22

Cc: Treasury ATO Gateway; Policy, Analysis and Legislation

Subject: ATO Minute 010-2017 [SEC=PROTECTED]

Good Afternoon s 22

Please find ATO Minute 010-2017 providing Treasury with estimates of compliance impacts associated with applying GST to low value imported goods.

Kind Regards

On behalf of s 22

s 22

Revenue Analysis Branch, Policy, Analysis & Legislation

Australian Taxation Office

P s 22

F s 22

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IMPORTANT

The information transmitted is for the use of the intended recipient only and may contain confidential and/or legally privileged material. Any review, re-transmission, disclosure, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited and may result in severe penalties. If you have received this e-mail in error please notify the Privacy Hotline of the Australian Taxation Office, telephone 1300 661 542 and delete all copies of this transmission together with any attachments.

s 22

From: s 22 [mailto:s 22 @ato.gov.au]
Sent: Thursday, 2 February 2017 3:51 PM
To: s 22
Cc:
Subject: DRAFT TRI for GST on low value imported goods [SEC=PROTECTED]

Hi s 22

Please see attached a DRAFT TRI for GST on low value goods. We will endeavour to send the final through tomorrow. s 22

The cost of compliance is unquantifiable due to a lack of availability of population data.

Regards,

s 22

Revenue Analyst | Business Policy | Revenue Analysis Branch
Policy, Analysis & Legislation
Australian Taxation Office

s 22

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5.2 Compliance cost impact – (see Appendix 1 [embedded])

Based on the attached assessment, we consider the potential compliance cost impact to be significant overall, with a significant implementation impact and a low increase in ongoing compliance costs relative to the affected group.

PROTECTED

APPLYING GST TO LOW VALUE IMPORTED GOODS

Appendix 1 – Compliance cost impact

The attached document contains the compliance cost impact assessment.



Cost of Compliance

PROTECTED

PAGE 4 OF 4



APPLYING GST TO LOW VALUE IMPORTED GOODS

STEP 1: DESCRIBE THE PROPOSAL

As announced in the 2016-17 Budget, the Government intends to apply a vendor collection model for supplies of imported goods from 1 July 2017.

Currently goods imported into Australia with a value of less than \$1,000 are not subject to GST.

The proposal will apply GST to imported physical goods valued at less than \$1,000 from 1 July 2017. GST would be collected and remitted through a vendor registration model. This model has the vendor charge, collect and remit GST at the point of sale. The proposal will only apply GST to sales made to Australian consumers - sales made to Australian businesses will remain GST free.

There will be a registration threshold for vendors - this will be \$75,000 of any Australian sales in a twelve month period. Vendors will be required to register, collect and remit GST on all their sales to Australian consumers under \$1,000. Businesses under the \$75,000 threshold are not required register, collect or remit GST.

Goods under \$1,000 will continue to pass through the border uninhibited. Goods over \$1,000 will be subject to the existing border processes, including the collection of customs duties and taxes.

STEP 2: INDICATE TAX TYPES AFFECTED

Select tax type(s)	Income tax	PAYG	CGT	Super	FBT	GST	FTC	Other indirect
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3: IDENTIFY AFFECTED CLIENT GROUPS

Client Group	Characteristics and potential population
Non-business individuals	Key characteristics
	Estimated number of clients/taxpayers or proportion of population
Businesses, superannuation funds and other entities	Key characteristics The proposal only impacts non-resident vendors that supply goods to Australian consumers who make sales over \$75,000. Supplies to GST-registered Australian resident businesses will not be taxed in the hands of the supplier and will continue to account via reverse charge in most circumstances. Businesses that are not GST-registered will be treated as consumer supplies. If an Australian fully GST-registered business is mistakenly taxed as a consumer, appropriate mechanisms will allow for recovery of input tax credits so that there will be no net financial impact on them.
	Estimated number of clients/taxpayers or proportion of population The total number of non-resident suppliers that supply low value goods to Australian consumers is unknown. For the purposes of quantification a sensitivity analysis has been undertaken.
Intermediaries - Tax practitioners - Software developers	Key characteristics Tax practitioners who advise the above taxpayers.
	Estimated number of intermediaries or proportion of population There are approximately 55,000 tax practitioners currently registered, including

TAX REGULATION IMPACT — ASSESSMENT

Client Group	Characteristics and potential population
<ul style="list-style-type: none"> - Bookkeepers - Financial planners 	<p>around 40,000 tax agents and 15,000 BAS agents. In addition, there are around 16,000 registered tax (financial) advisers and there are about 90 software developers registered with the ATO.</p> <p>This measure is unlikely to have an impact for most of these entities.</p>

STEP 4: PROVIDE AN OVERVIEW OF THE POTENTIAL COMPLIANCE COST IMPACTS

Suppliers of low value imported goods to Australian consumers will need to learn about the new obligation to remit GST. This is a world first approach but some suppliers will already be impacted by other approaches in other jurisdictions. They are likely to more quickly understand their administrative requirements and only need to understand Australia's specific GST rules than those overseas suppliers not currently dealing with countries who tax imported services supplied to consumers. However, non-residents will need to put forth a measure of effort into understanding the GST rate, changes to the legislation and the collection mechanism that is adopted by the ATO. For businesses that have no exposure to this requirement elsewhere, this learning process is expected to be ongoing as the rules that outline the most appropriate place of taxation may not be initially clear for certain types of goods supplied, and some may need to be manually reviewed on a case-by-case basis.

These non-resident taxpayers may need to upgrade software or may seek a third party service provider (which could be in their home jurisdiction) to assist with their new obligations; especially for small, medium enterprises on the cusp of the threshold this may pose a significant compliance cost

Overseas suppliers will need to put in place processes in which to distinguish supplies to businesses and consumers.

Overall larger vendors will have a lower compliance cost impact compared to small and medium sized vendors due to their economies of scale.

TAX REGULATION IMPACT — ASSESSMENT

STEP 5: PROVIDE A DETAILED DESCRIPTION OF THE POTENTIAL IMPLEMENTATION AND ONGOING COMPLIANCE COST IMPACTS

Implementation Impacts	<p>Once-off increases in compliance costs associated with moving from the current taxation treatment to the proposed treatment, typically occurring in the first income year following commencement but potentially extending over several periods.</p> <p> \$ – quantifiable impact categories \$ – quantifiable if direct estimates available </p>
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Implementation Impact	Magnitude	Explanation
Learning and education \$	Significant increase	<p>Taxpayers will need to be aware of the new requirements to register with the ATO. They need to understand the tax rate, payment methods and product classifications, so they fulfil their obligation to charge and remit GST on supplies of goods made to consumers in Australia.</p> <p>Taxpayers will need to be familiar with rules that outline the most appropriate place of taxation of a supply of a good, especially when the location where it is consumed is not clear or when the consumption can be applied to a few taxation jurisdictions.</p> <p>This could be done through the ATO website and publications as well as through tax practitioners. However, it would be preferable if this information was available in major languages spoken at home and of Australia's major trading partners, otherwise it may add to the compliance cost burden.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>
Evaluation and planning \$	Medium increase	<p>Taxpayers will need to evaluate their supplies and determine whether they will make any supplies of goods to Australian consumers.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>
Record keeping systems and procedures \$	Significant increase	<p>Taxpayers will most likely need to keep their own records or invoices so that they can identify, register and report the supplies made to Australian consumers to the ATO and distinguish between consumer and business transactions.</p> <p>The most significant impact will be felt by non-resident small businesses whereas larger businesses will more likely have systems that already fulfil this obligation.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>
Forms and payments \$	Medium increase	<p>Overseas suppliers will be required to sign up using a simple limited registration online form or may elect to register for an ABN and GST.</p> <p>By doing so the non-resident can engage with the ATO where they may have no link other than the supply of goods to Australian consumers. This form is expected to be filled out through an online registration application.</p>

TAX REGULATION IMPACT — ASSESSMENT

Implementation Impact	Magnitude	Explanation
		<p>Once registered they will be able to report and make payments.</p> <p>Payments of GST will only be made through use of electronic payment methods to reduce compliance costs.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>
Purchases – equipment/ software/supplies/advice \$	Medium increase	<p>Taxpayers may need to upgrade software to record supplies and GST charged on supplies made in the differing tax jurisdictions.</p> <p>They may request the use of a third-party service provider to act on their behalf in carrying out certain procedures.</p>
Associated (non-tax) compliance cost impacts	No change	
Legislative complexity, including rulings/reviews	Medium increase	Though not expected, legislative complexity could arise for non-residents where there is not a consistent interpretation of the guidelines across jurisdictions on the place of taxation.
Start date capacity	Medium increase	<p>Some overseas suppliers may already have systems in place in respect of other countries that can be adapted to Australian taxation.</p> <p>Given a start date of 1 July 2017 some businesses may find the time frame restrictive.</p>
Overall rating	Significant increase	<p>It is expected that the implementation impact will initially be high; taxpayers will need to learn about Australia's GST, understand how it applies to their supplies and remit these through a new registration-based online collection mechanism.</p> <p>It will be a complex process for non-resident suppliers to adhere to and understand the GST obligations of Australia. However, for some larger entities the impact will not be as large because they have systems already in place to fulfil their obligation in other jurisdictions.</p> <p>It is expected that as the responsibility is on the non-resident business to register and comply, it will be difficult for the ATO to monitor and enforce compliance.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>






> Ongoing Impacts

Increases or decreases in costs that arise on a recurring or ongoing basis after the proposal has been implemented. Includes implementation costs for new taxpayers or taxpayers affected by the proposal for the first time in a later year.

\$ – quantifiable impact categories

\$ – quantifiable if direct estimates available

TAX REGULATION IMPACT — ASSESSMENT

Ongoing Impact	Magnitude	Explanation
Learning and education 	Low increase	It is expected that the learning process is ongoing but less than the implementation impact. This is because the rules that outline the most appropriate place of taxation may not be clear for certain types of goods supplied, and may need to be manually reviewed on a case-by-case basis. Taxpayers will need to keep up-to-date with the taxation legislation and potential changes to the collection mechanism of Australia.
Evaluation and planning 	Minimal decrease	Some entities with Australian based retail stores are currently using digital platforms offshore and so are not currently subject to GST on goods under \$1,000. It is assumed the practice is very limited. These entities will have a decrease in complexity of evaluation and planning as the imported goods will become subject to GST.
Record keeping systems and procedures 	Low increase	Taxpayers may need to retain invoices and transaction details in case the ATO require additional information to be made available upon request. Vendors will have to distinguish between GST and GST-free goods in their inventories and will need to continually identify goods subject to GST.
Forms and payments 	Low increase	Taxpayers will continue to provide information and remit GST through either the limited registration system or Australia's regular GST collection mechanism.
Purchases – equipment/ software/supplies/advice 	No change	
Associated (non-tax) compliance cost impacts	Low increase	Language and currency barriers may continue to place an unnecessary compliance burden, especially for small to medium enterprises. Taxpayers will need to keep up-to-date information about the GST in Australia. In some cases this will not be in the language of the non-resident business thereby adding to the compliance burden.
Legislative complexity, including rulings/reviews	Low increase	It is expected that impacts will be minimal. While some affected entities may seek clarification or review from the ATO, this is not expected to be widespread.
Overall rating	Low increase	The ongoing impact will mainly be around keeping up-to-date with the taxation legislation in Australia and continuing to remit GST when they provide supplies of goods to Australian consumers. However, once their systems are in place the ongoing impact is expected to be low

TAX REGULATION IMPACT — ASSESSMENT

EXECUTIVE SUMMARY

APPLYING GST TO LOW VALUE IMPORTED GOODS

Option name: Applying GST to low value imported goods
Applying GST to goods imported into Australia with a value less than \$1000.

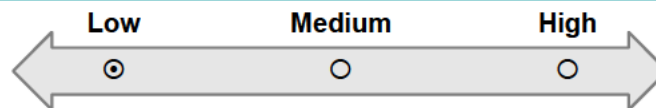
Select affected client groups	Non-business individuals	Businesses
	<input type="radio"/>	<input checked="" type="radio"/>

Overall impact: This proposal is expected to result in a significant overall compliance cost impact, comprising a significant implementation impact and a low increase in ongoing compliance costs.

Potential compliance costs	Total	Per client
Implementation	\$*	\$*
Ongoing (p.a.)	\$*	\$*
Aggregate impact over 10 year duration	\$*	
Per year (10 years)	\$*	

The level of confidence of the assessment

Supporting evidence is weak. Data is not available, limited or unreliable.



Supporting evidence is strong. Data is comprehensive and relevant.

Key issues and assumptions

Based on our assessment, we consider the potential compliance cost impact to be a significant overall compliance cost impact, comprising a significant implementation impact and a low increase in ongoing compliance costs relative to the affected group.

Key issues

- Based on advice provided by the Australian Customs and Border Protection Service in 2013 and business lines in the ATO an estimated population of 5,000 vendors was considered.
- Due to the lack of certainty around this population a sensitivity analysis was conducted using the following potential population splits:

Micro	SME	Large	Total population
2,250	240	10	2,500
4,500	480	20	5,000
6,750	720	30	7,500
9,000	960	40	10,000

This assessment has been based around a high level design proposal. Details surrounding the development

TAX REGULATION IMPACT — ASSESSMENT

and implementation of its framework are yet to be finalised, as such this assessment is subject to change.

Sensitivity Analysis

Potential compliance costs 2,500 base population		
	Total	Per client
Implementation	\$6.5m	\$2,600
Ongoing (p.a.)	\$1m	\$400
Aggregate impact over 10 year duration	\$15.9m	
Per year (10 years)	\$1.6m	
Potential compliance costs 5,000 base population		
	Total	Per client
Implementation	\$13m	\$2,600
Ongoing (p.a.)	\$1.9m	\$400
Aggregate impact over 10 year duration	\$31.7m	
Per year (10 years)	\$3.2m	
Potential compliance costs 7,500 base population		
	Total	Per client
Implementation	\$19.6m	\$2,600
Ongoing (p.a.)	\$2.8m	\$400
Aggregate impact over 10 year duration	\$47.6m	
Per year (10 years)	\$4.8m	
Potential compliance costs 10,000 base population		
	Total	Per client
Implementation	\$26.1m	\$2,600
Ongoing (p.a.)	\$3.7m	\$400
Aggregate impact over 10 year duration	\$63.5m	
Per year (10 years)	\$6.3m	

Note: Figures have been rounded.



APPLYING GST TO LOW VALUE IMPORTED GOODS

STEP 1: DESCRIBE THE PROPOSAL

As announced in the 2016-17 Budget, the Government intends to apply a vendor collection model for supplies of imported goods from 1 July 2017.

Currently goods imported into Australia with a value of less than \$1,000 are not subject to GST.

The proposal will apply GST to imported physical goods valued at less than \$1,000 from 1 July 2017. GST would be collected and remitted through a vendor registration model. This model has the vendor charge, collect and remit GST at the point of sale. The proposal will only apply GST to sales made to Australian consumers - sales made to Australian businesses will remain GST free.

There will be a registration threshold for vendors - this will be \$75,000 of any Australian sales in a twelve month period. Vendors will be required to register, collect and remit GST on all their sales to Australian consumers under \$1,000. Businesses under the \$75,000 threshold are not required register, collect or remit GST.

Goods under \$1,000 will continue to pass through the border uninhibited. Goods over \$1,000 will be subject to the existing border processes, including the collection of customs duties and taxes.

STEP 2: INDICATE TAX TYPES AFFECTED

Select tax type(s)	Income tax	PAYG	CGT	Super	FBT	GST	FTC	Other indirect
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3: IDENTIFY AFFECTED CLIENT GROUPS

Client Group	Characteristics and potential population
Non-business individuals	Key characteristics
	Estimated number of clients/taxpayers or proportion of population
Businesses, superannuation funds and other entities	Key characteristics The proposal only impacts non-resident vendors that supply goods to Australian consumers who make sales over \$75,000. Supplies to GST-registered Australian resident businesses will not be taxed in the hands of the supplier and will continue to account via reverse charge in most circumstances. Businesses that are not GST-registered will be treated as consumer supplies. If an Australian fully GST-registered business is mistakenly taxed as a consumer, appropriate mechanisms will allow for recovery of input tax credits so that there will be no net financial impact on them.
	Estimated number of clients/taxpayers or proportion of population The total number of non-resident suppliers that supply low value goods to Australian consumers is unknown.
	Key characteristics Tax practitioners who advise the above taxpayers.
Intermediaries - Tax practitioners - Software developers - Bookkeepers	Estimated number of intermediaries or proportion of population There are approximately 55,000 tax practitioners currently registered, including around 40,000 tax agents and 15,000 BAS agents. In addition, there are around

TAX REGULATION IMPACT — ASSESSMENT

Client Group	Characteristics and potential population
- Financial planners	<p>16,000 registered tax (financial) advisers and there are about 90 software developers registered with the ATO.</p> <p>This measure is unlikely to have an impact for most of these entities.</p>

STEP 4: PROVIDE AN OVERVIEW OF THE POTENTIAL COMPLIANCE COST IMPACTS

Suppliers of low value imported goods to Australian consumers will need to learn about the new obligation to remit GST. This is a world first approach but some suppliers will already be impacted by other approaches in other jurisdictions. They are likely to more quickly understand their administrative requirements and only need to understand Australia's specific GST rules than those overseas suppliers not currently dealing with countries who tax imported services supplied to consumers. However, non-residents will need to put forth a measure of effort into understanding the GST rate, changes to the legislation and the collection mechanism that is adopted by the ATO. For businesses that have no exposure to this requirement elsewhere, this learning process is expected to be ongoing as the rules that outline the most appropriate place of taxation may not be initially clear for certain types of goods supplied, and some may need to be manually reviewed on a case-by-case basis.


These non-resident taxpayers may need to upgrade software or may seek a third party service provider (which could be in their home jurisdiction) to assist with their new obligations; especially for small, medium enterprises on the cusp of the threshold this may pose a significant compliance cost. It is also expected that taxpayers will need to remit GST/VAT in multiple jurisdictions with differing tax legislation and collection mechanisms that will further add to the compliance burden, though the scale of impact will be relative to the size of the business.

Overseas suppliers will need to put in place processes in which to distinguish supplies to businesses and consumers.

Overall larger vendors will have a lower compliance cost impact compared to small and medium sized vendors due to their economies of scale.

TAX REGULATION IMPACT — ASSESSMENT

STEP 5: PROVIDE A DETAILED DESCRIPTION OF THE POTENTIAL IMPLEMENTATION AND ONGOING COMPLIANCE COST IMPACTS

 Implementation Impacts	<p>Once-off increases in compliance costs associated with moving from the current taxation treatment to the proposed treatment, typically occurring in the first income year following commencement but potentially extending over several periods.</p> <p> \$ – quantifiable impact categories \$ – quantifiable if direct estimates available </p>
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Implementation Impact	Magnitude	Explanation
Learning and education \$	Significant increase	<p>Taxpayers will need to be aware of the new requirements to register with the ATO. They need to understand the tax rate, payment methods and product classifications, so they fulfil their obligation to charge and remit GST on supplies of goods made to consumers in Australia.</p> <p>Taxpayers will need to be familiar with rules that outline the most appropriate place of taxation of a supply of a good, especially when the location where it is consumed is not clear or when the consumption can be applied to a few taxation jurisdictions.</p> <p>This could be done through the ATO website and publications as well as through tax practitioners. However, it would be preferable if this information was available in major languages spoken at home and of Australia's major trading partners, otherwise it may add to the compliance cost burden.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>
Evaluation and planning \$	Medium increase	<p>Taxpayers will need to evaluate their supplies and determine whether they will make any supplies of goods to Australian consumers.</p>
Record keeping systems and procedures \$	Significant increase	<p>Taxpayers will most likely need to keep their own records or invoices so that they can identify, register and report the supplies made to Australian consumers to the ATO and distinguish between consumer and business transactions.</p> <p>The most significant impact will be felt by non-resident small businesses whereas larger businesses will more likely have systems that already fulfil this obligation.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>
Forms and payments \$	Medium increase	<p>Overseas suppliers will be required to sign up using a simple limited registration online form or may elect to register for an ABN and GST.</p> <p>By doing so the non-resident can engage with the ATO where they may have no link other than the supply of /ices to Australian consumers. This form is expected to be filled out through an online registration application. Once registered they will be able to report and make payments.</p> <p>Payments of GST will only be made through use of</p>

TAX REGULATION IMPACT — ASSESSMENT

Implementation Impact	Magnitude	Explanation
		<p>electronic payment methods to reduce compliance costs.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>
Purchases – equipment/ software/supplies/advice \$	Medium increase	<p>Taxpayers may need to upgrade software to record supplies and GST charged on supplies made in the differing tax jurisdictions.</p> <p>They may request the use of a third-party service provider to act on their behalf in carrying out certain procedures.</p>
Associated (non-tax) compliance cost impacts	No change	
Legislative complexity, including rulings/reviews	Medium increase	Though not expected, legislative complexity could arise for non-residents where there is not a consistent interpretation of the guidelines across jurisdictions on the place of taxation.
Start date capacity	Medium increase	<p>Some overseas suppliers may already have systems in place in respect of other countries that can be adapted to Australian taxation.</p> <p>Given a start date of 1 July 2017 some businesses may find the time frame restrictive.</p>
Overall rating	Significant increase	<p>It is expected that the implementation impact will initially be high; taxpayers will need to learn about Australia's tax law on GST, understand how it applies to their supplies and remit these through a new registration-based online collection mechanism.</p> <p>As requirements differ widely among jurisdictions, it will be a complex process for non-resident suppliers to adhere to and understand the GST obligations of Australia.</p> <p>However, for some larger entities the impact will not be as large because they have systems already in place to fulfil their obligation in other jurisdictions.</p> <p>It is expected that as the responsibility is on the non-resident business to register and comply, it will be difficult for the ATO to monitor and enforce compliance.</p> <p>Larger vendors and electronic platforms will have a lower impact compared to small and medium sized vendors.</p>

Ongoing Impacts

Increases or decreases in costs that arise on a recurring or ongoing basis after the proposal has been implemented. Includes implementation costs for new taxpayers or taxpayers affected by the proposal for the first time in a later year.

\$ – quantifiable impact categories

\$ – quantifiable if direct estimates available

Ongoing Impact	Magnitude	Explanation
Learning and education \$	Low increase	It is expected that the learning process is ongoing but less than the implementation impact. This is because the rules that outline the most appropriate place of taxation may not be clear for certain types of goods supplied, and may

TAX REGULATION IMPACT — ASSESSMENT

Ongoing Impact	Magnitude	Explanation
		need to be manually reviewed on a case-by-case basis. Taxpayers will need to keep up-to-date with the taxation legislation and potential changes to the collection mechanism of Australia.
Evaluation and planning ⑤	Low decrease	<p>Some entities with Australian based retail stores are currently using digital platforms offshore and so are not currently subject GST on goods under \$1,000. It is assumed the practice is very limited.</p> <p>These entities will have a decrease in complexity of evaluation and planning as the imported goods will become subject to GST.</p>
Record keeping systems and procedures ⑤	Low increase	<p>Taxpayers may need to retain invoices and transaction details in case the ATO require additional information to be made available upon request.</p> <p>Taxpayers importing goods that are both subject to GST and GST-free will need to continually identify the split of goods in their inventory.</p>
Forms and payments ⑤	Low increase	Taxpayers will continue to provide information and remit GST through either the limited registration system or Australia's regular GST collection mechanism.
Purchases – equipment/software/supplies/advice ⑤	No change	
Associated (non-tax) compliance cost impacts	Low increase	<p>Language and currency barriers may continue to place an unnecessary compliance burden, especially for small to medium enterprises.</p> <p>Taxpayers will need to keep up-to-date information about the GST in Australia. In some cases this will not be in the language of the non-resident business thereby adding to the compliance burden.</p>
Legislative complexity, including rulings/reviews	Low increase	It is expected that impacts will be minimal. While some affected entities may seek clarification or review from the ATO, this is not expected to be widespread.
Overall rating	Low increase	The ongoing impact will mainly be around keeping up-to-date with the taxation legislation in Australia and continuing to remit GST when they provide supplies of goods to Australian consumers. However, once their systems are in place the ongoing impact is expected to be low

TAX REGULATION IMPACT — ASSESSMENT

EXECUTIVE SUMMARY

APPLYING GST TO LOW VALUE IMPORTED GOODS

Option name: Applying GST to low value imported goods
Applying GST to goods imported into Australia with a value less than \$1000.

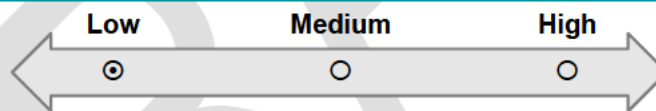
Select affected client groups	Non-business individuals	Businesses
	<input type="radio"/>	<input checked="" type="radio"/>

Overall impact: This proposal is expected to result in a significant overall compliance cost impact, comprising a significant implementation impact and a low increase in ongoing compliance costs.

Potential compliance costs	Total	Per client
Implementation	\$*	\$*
Ongoing (p.a.)	\$*	\$*
Aggregate impact over 10 year duration	\$*	
Per year (10 years)	\$*	

The level of confidence of the assessment

Supporting evidence is weak. Data is not available, limited or unreliable.



Supporting evidence is strong. Data is comprehensive and relevant.

Key issues and assumptions

Based on our assessment, we consider the potential compliance cost impact to be a significant overall compliance cost impact, comprising a significant implementation impact and a low increase in ongoing compliance costs relative to the affected group.

Key issues

- A quantification assessment of this proposal has not been made, due to a lack of information around the number of taxpayers that will register with and remit GST.

This assessment has been based around a high level design proposal. Details surrounding the development and implementation of its framework are yet to be finalised, as such this assessment is subject to change.