



Duties and taxes when you buy online from overseas

Items that you buy over the internet from an overseas source are generally required to abide by the same rules and screening processes that apply to any other "import". Also the usual duties or taxes should apply.

Customs duties are regulated by the Department of Home Affairs (a recently formed body from December 2017, which now oversees the Australian Customs Service as well as Immigration and Border Protection).

Relevant facts to keep in mind include:

- For goods that are worth \$1,000 or less, there are at the present time no duties, taxes or charges to pay (however see below*).
- For goods that are worth more than \$1,000, you are generally required to fill out a special form called an Import Declaration, and pay duties, taxes and charges.
- You will need to pay duties and taxes on some goods (like tobacco or alcohol) regardless of their value.
- Certain types of goods are not allowed to be brought into Australia, such as firearms, or else need special permits.

The Department of Home Affairs may screen, x-ray or examine your goods just like any other imported items to make sure the goods are allowed into Australia. The Department of Agriculture may also need to clear and inspect items before they can be delivered to you.

There can be a cost

How much the goods are worth, and how they arrive in Australia, will determine how the Department of Home Affairs clears them for delivery to you and what duty, taxes and charges may apply.

Sometimes goods bought over the internet, even from an Australian company, may be sent to you directly from overseas. However this means that you may still have to pay import duty and taxes when this happens.

Goods with a value of \$1,000 or less

At present, you do not have to pay duty and taxes on goods (excluding tobacco, tobacco products and alcohol) with a value of less than \$1,000. These are called low value imports (but see note* at right).

If these goods arrive in Australia by air or sea cargo, they generally must be accompanied by a "self-assessed clearance" declaration. This will generally be taken care of by the cargo company, and there is no charge for this declaration. Goods arriving by post do not require such a declaration.

Goods with a value of more than \$1,000

To import goods with a value of more than \$1,000, you may be required to make an "import declaration", which provides information about the items being brought into the country, including that GST has been applied. There is a processing charge for making an import declaration, and you will also be required to pay the duty and taxes for your goods.

Depending on the number of goods you plan to bring into Australia, you may wish to use the services of a licensed customs broker to help you import your goods.

Paid customs duty but changed your mind?

Unfortunately "a change of mind", or "they don't fit", or simply "I don't like them" is not a customs duty refund circumstance under the legislation. However as an alternative option, if you go on to export the previously imported goods, subject to certain conditions, you may be entitled to a drawback of the duty paid.

*GST is to be extended to low value imports from 1 July 2018.

Also at the time of writing Home Affairs has issued a proposal to apply a levy, estimated to be around \$5, to low value imports. The levy is to offset costs of bio-security and other screening for the roughly 40 million low value parcels entering Australia each year, which is expected to keep increasing.

Before you buy online

Gas and electrical goods that do not meet Australian safety and technical standards may be a serious safety risk. Those for sale online from overseas may not meet Australia's standards. Some goods, like barbeques and personal grooming items, may not be able to be modified to meet the Australian standards.

If you buy pirated or counterfeit items, you are buying a flawed product and supporting an illegal trade that could involve serious criminal activity and harm. In some cases, Customs and Border Protection will seize imported pirated and counterfeit goods.

Alcoholic beverages, tobacco and tobacco products

If you import alcoholic beverages, tobacco or tobacco products by mail with a value equal to or less than \$1,000, Home Affairs will send you an invoice advising the duty and taxes payable. You need to pay this invoice before your goods will be delivered to you.

If the goods have a value of more than \$1,000 you must lodge an import declaration.

If you choose not to pay for the duty and GST on the alcohol products within 30 days of the payment advice, the goods may be returned to sender.

If you choose not to pay the duty and taxes on the tobacco or tobacco products within 30 days of the invoice, the goods will be treated as abandoned and will be destroyed (tobacco or tobacco products cannot be returned to sender).

Important: Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore, it should be regarded as confidential and not be made available to any person without our prior approval.