Australian Customs Notice 1997 44

**1997/1998 BUDGET CHANGES AFFECTING SALES TAX**

As part of the 1997/1998 Budget the Government announced that it is moving to remove an anomaly in the wholesale sales tax system so that goods cannot be permanently imported sales tax free if they had previously been temporarily imported sales tax free.

Wholesale sales tax applies to assessable sales of goods manufactured in Australia, or imported into Australia. A good that has previously been used in Australia is not subject to sales tax.

Customs and sales tax law allows for exemption from Customs duty and sales tax for goods that are imported for short periods. The special temporary importation provisions are intended to cover goods temporarily imported; for example, by a visiting tourist or for an exhibition, promotion or other special event. Under these provisions, goods can be imported for periods of less than twelve months free of Customs duty and sales tax provided a security or undertaking is given.

There is evidence that these provisions have been used in an unintended manner. Goods have been imported for a short period under the special temporary importation provisions. After being returned overseas, they have then been reimported on a permanent basis free of sales tax because they have previously been used in Australia.

Requisite amendments to the sales tax law will soon be introduced into Parliament. When this occurs the legislative change will take effect from **7.30 pm AEST, 13 May 1997.** The Australian Taxation Office will not enforce the collection of the Sales Tax owing until 28 days after the Bill receives Royal Assent but after that time the legislation will retrospectively apply to all dealings with goods (including importation) from 13 May, 1997 onwards.

Owners of imported goods are advised that any interim claims for sales tax exempt status on the basis that the goods had been used in Australia by a previous temporary importation will inevitably be countermanded by the prospective sales tax legislation and that if they choose to claim the exemption then there will be the onus on them to separately remit the tax payable 28 days after the Bill receives Royal Assent.

A further ACN will be issued advising of the passage of this amending legislation. Enquiries relating to this notice should be directed to either:

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