Australian Customs Notice 1997 79

**INCORRECTLY QUOTED SALES TAX RATES**

Customs has adopted a strategy known as Compliance Improvement in the delivery of government assistance measures and revenue collection. In an environment of self assessment, the principal objective of the Compliance Improvement initiative is to maximise levels of voluntary compliance.

Customs has recently undertaken a review of import data in respect of items covered by Schedule 5 of the Sales Tax (Exemptions and Classifications) Act. Schedule 5 provides the rates of sales tax on a range of items. Since 1 July 1995 the sales tax rate for Schedule 5 items has been 32%, prior to this date the rate was 31%. A copy of the schedule of items is attached.

As a result of this review it has become apparent that there is significant misapplication of the sales tax rates applying to imported goods falling within this Schedule. There are many instances where the incorrect sales tax rate is quoted on an entry for home consumption resulting in short payments of sales tax.

Customs views this as a serious situation and is undertaking a comprehensive audit treatment of imported goods which fall to Schedule 5, with a view to implementing action to collect the unpaid tax. Section 76 of the Sales Tax Assessment Act provides that short paid sales tax can be recovered for up to 3 years after the time when it became payable.

Importers and Customs brokers are advised to check all import entries of goods covered by Schedule 5 which have quoted a sales tax rate to verify that the correct rate has been used. Customs will endeavour to assist brokers to confirm that their client's sales tax liabilities have been complied with in full by providing entry history data in accordance with the procedures set out in ACN 94/3.

Where an error has occurred, importers or brokers should lodge an amending entry using the correct sales tax rate for the goods and tendering the sales tax shortpaid. Where post warrant amendment provisions do not permit coverage of the full period, the broker should contact Customs for details on how to tender any short payments. Voluntary tenders of any tax short paid may result in a reduction of sales tax penalty.

If amending entries have not been lodged by 1 January 1998, Customs will take action to re-assess sales tax liability where appropriate. Enquires regarding this matter should be directed to Mr Jim Collins, National Business Centre (General Business) on (07) 3835 3282.

David Widdowson National Manager Commercial Compliance

September 1997

ATTACHMENT TO ACN No. 97/79

**Goods covered by Schedule 5 of the**

Sales Tax (Exemptions &amp; Classifications) Act.

**Item No.**

**Description**

1.

(Omitted in 1993)

|  |  |
| --- | --- |
| 2. | Fur skins etc. |
| 3. | Jewellery, precious stones etc. |
| 4. | Tie pins, cuff links etc. |
| 5. | Goods made of precious metals etc. |
| 6. | Watches etc. |
| 7. | Clocks etc. |
| 8. | Binoculars etc. |
| 9. | Cameras etc. |
| 10. | Photographic enlargers etc. |
| 11. | Projection and viewing equipment |
| 12. | Tape recorders, video recorders, video cameras, radios, televisions etc. |
| 13. | Picture tubes for televisions |
| 14. | Slot machines for gambling and amusement |