 AUSTRALIAN CUSTOMS NOTICE NO. 2007/38

Aircraft spares imported for foreign owned aircraft.

This notice details the various options available for treating aircraft spares imported for foreign owned aircraft under the Integrated Cargo System (ICS). The use of these options take effect from 5 August 2007.

# Introduction

Customs legislation requires all imported goods, including spare parts for foreign owned aircraft, to be reported. Previously companies operating foreign owned aircraft have been allowed to import spare parts using transhipment entries. However, under the ICS, transhipment entries have been replaced by cargo reports. Accordingly, spare parts for foreign owned aircraft must be reported to Customs by lodging a cargo report in ICS. In effect, the cargo report is a recognised method of transhipment by the reporting of an overseas destination for the spare parts.

If the overseas destination is not known at the time the spare parts are sent to Australia, the importer is required to lodge an import declaration and pay the applicable customs duty and Goods and Services Tax (GST) liability. Spare parts may be imported exempt from customs duty if they meet the conditions of Item 31 of Schedule 4 of the *Customs Tariff Act 1995*.

# Options for importation

The table below is a summary of various options for importation and the GST impact.

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| **Option** | **GST status** | **Comment** |
| 1. Transhipment of parts going directly onto foreign owned aircraft. | GST not payable as the parts are not destined for Australia. | Only applicable for genuine transhipments, when aircraft spares imported in Australia for a temporary period will be exported within a known timeframe. (Cargo reported or moved  underbond for export). |
| 2. Importer is registered under the TRADEX scheme. This option requires the goods to be intended for export within 12 months of their importation. This option requires an entry using concessional Item 21A of the *Customs Tariff Act 1995*. | A non- taxable importation as per section 42-5(1) of *A New Tax System (Goods and Services Tax) Act (1999).* | The TRADEX scheme is administered by AusIndustry, a division within DITR. More information regarding registration can be located on [www.ausindustry.gov.au](http://www.ausindustry.gov.au/) or contact the AusIndustry Hotline on telephone number 13 28 46.  An Export Declaration would be required to be made or such other records required by the Department of Industry, Tourism and Resources  (DITR). |
| 3. Formal (electronic) entry into home consumption where the importer registered for the GST deferral scheme. | GST payable but is deferred as per section 33-15.02 of *A New Tax System (Goods and*  *Services Tax) Regulations (1999).* | Most foreign airlines operating flights to Australia have an Australian Business Number (ABN) and some are also registered as clients in ICS using their ABN. |



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|  | This is reported on the Business Activity Statement (BAS). |  |
| 4. Goods entered for warehousing (Nature 20). Goods are then entered either entered for home consumption ex warehouse (Nature 30), or entered for export on an Export Declaration. | GST not payable while the goods are stored in the Customs licensed warehouse. GST is payable when goods are entered into home consumption ex warehouse.  GST is not payable if the goods removed from a warehouse for  export. | The process of entering the goods into warehouse means the parts are not available for 24 hours. |

Any inquiries regarding this notice may be directed to Manager Cargo Reporting Policy on telephone 02 6275 6758 or email [cargoreporting@customs.gov.au](mailto:cargoreporting@customs.gov.au)

*[Signed]*

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Industry Engagement and User Services Branch CANBERRA ACT

for the Chief Executive Officer 24 July 2007