10 April 2017

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Inquiry into Treasury Laws Amendment (GST Low Value Goods) Bill 2017

Submission by DHL Express (Australia) Pty Ltd

DHL Express (Australia) Pty Ltd ("DHL") is a member of the Conference of Asia Pacific Express Carriers (Australia) Limited ("CAPEC"). Notwithstanding CAPEC's submission to the above-mentioned inquiry, DHL wishes to state its position in respect of the *Treasury Laws Amendment (GST Low Value Goods) Bill 2017* ("Bill").

DHL's position can be summarised as follows:

- DHL endorses the recommendations of previous Government-appointed bodies, including the Productivity Commission and Low Value Parcel Processing Taskforce, which found that the cost of GST collection at the border (upon arrival) would exceed any GST revenue gained, resulting in a net welfare cost.

- DHL supports the Bill, in so far as it endorses a fairer tax system through a Vendor Collect Model ("VCM").

- DHL does NOT support the obligation proposed under the Bill, which requires the Vendor Registration Number ("VRN") information to be captured and reported by air express carriers.

- It is DHL's firm view that the information flow should be directly between the overseas vendor and the Australian Taxation Office ("ATO").

- Accordingly, DHL requests that the Bill be amended so as to reflect such an information flow. Note: suggested amendments to the Bill are appended to this submission for the Committee's consideration.

- DHL endorses two alternate models to collect the VRN information:

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Gateway Office   Fax   61 (2) 9313 2712
1-3 Keith Smith Avenue   Web   www.dhl.com
MASCOT   NSW   2020   AUSTRALIA

(1) Vendor Self-Collection and Audit - Upon registration, the overseas vendor agrees to provide periodic reporting to the ATO on what it ships to Australia and what GST it collects; and/or

(2) Use of Existing Data - The existing process for reporting low value shipments in the Integrated Cargo System, i.e. via an Air Cargo Report, which provides a range of data to assist the ATO undertake its compliance monitoring. This data includes:

- Full name and street address of the overseas vendor
- Full name and street address of the consignee/importer
- Pieces
- Weight
- Currency
- Country of Origin
- Commodity
- Declared Value (AUD)

- DHL understands that Australia Post will be exempt from reporting the VRN. This represents an extremely important aspect of the Bill, namely:

   o Australia Post is on record as stating that it is a direct competitor to companies such as DHL
   o The exemption creates an advantage for Australia Post which is may be seen as being anti-competitive in nature
   o It is not unreasonable to suggest that the exemption will encourage more consignments to be imported via the postal stream, which is a less data rich pathway in terms of pre-arrival risk assessment by Australia's Border Agencies

DHL therefore supports the VCM in principle, however is strongly opposed to the imposition of having to collect and report additional VRN data on consignments of Low Value Goods due to the fact that sufficient data is already provided to the Border Agencies. Moreover, the exemption of Australia Post from the VRN reporting requirements creates an uneven playing field that is anti-competitive in nature.

DHL would ask the Senate Economics Legislation Committee to carefully consider this submission, along with the CAPEC submission, which contains additional information regarding the Bill.

Yours Sincerely,
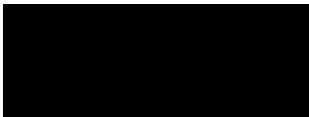
Ben Somerville
Customs & Regulatory Affairs Manager, Oceania

Appendix 1

Suggested legislative amendments to the Bill [*DHL comments*]

84-93 Suppliers of offshore supplies of low value goods to ensure tax information is included in ~~customs documents~~ *< a periodic return lodged by the registered vendor to the ATO containing particulars of the GST collected.>*

    (1)   If:

        (a)   you make an *offshore supply of low value goods; and

        (b)   you are *registered, or *required to be registered;

you must ensure that the information set out in subsection (2) is included in one or more of the documents referred to in subsection (3) (regardless of whether or not the supply is *connected with the indirect tax zone).

Note: If you do not ensure the information is included, you are liable to an administrative penalty under section 288-46 in Schedule 1 to the *Taxation Administration Act 1953*.

    (2)   For the purposes of subsection (1), the information is as follows:

        (a)   your registration number;

        (b)   if the *recipient's *ABN has been disclosed to you—that ABN;

        (c)   the extent (if any) to which you are treating the supply as a *taxable supply.

    (3)   For the purposes of subsection (1), the documents are as follows:

        ~~(a)   an import declaration (within the meaning of the *Customs Act 1901*);~~
        ~~(b)   an import declaration advice (within the meaning of that Act);~~
        ~~(c)   a self-assessed clearance declaration (within the meaning of that Act);~~
        ~~(d)   a self-assessed clearance declaration advice (within the meaning of that Act);~~
        ~~(e)   a document of a kind specified in an instrument made under subsection (4).~~
        < (a) a periodic return lodged by the registered vendor to the ATO, the particulars of which to be agreed upon at the time of vendor registration.>

    (4)   The Commissioner may, by legislative instrument, make a determination specifying kinds of documents for the purposes of paragraph (3)(e).

288-46 Penalty for failing to ensure tax information about supplies of low value goods is included in ~~customs documents~~ *< a periodic return lodged by the registered vendor to the ATO containing particulars of the GST collected.>*

    You are liable to an administrative penalty of 20 penalty units if:

        (a)   you are required by section 84-93 of the *GST Act to ensure that the information set out in subsection 84-93(2) of that Act is included in one or more of the documents referred to in subsection 84-93(3) of that Act; but

        (b)   you fail to take reasonable steps to do so.