

GST and sales to external territories

Selling goods and services to residents of Norfolk Island, Christmas Island and the Cocos (Keeling) Islands.

! TERMS WE USE

When we say:

- **sale**, we are referring to the GST term **supply**
- **purchase**, we are referring to the GST term **acquisition**.

ARE SALES TO EXTERNAL TERRITORIES GST-FREE?

Norfolk, Christmas and the Cocos (Keeling) Islands are Australian external territories and they are not part of Australia for GST purposes.

Under GST law, if you sell goods to residents of these territories the goods are GST-free where you meet the export requirements. Alternatively, you can sell goods under the tourist refund scheme (TRS) or sealed bag system.

- For more information about the TRS and the sealed bag system, refer to *Making GST-free sales to travellers departing Australia* (NAT 7378).

If you provide services to residents of these territories, the services may be GST-free where you perform the service for them while they are not in Australia. Other services may also be GST-free and we recommend you check with us if you are not sure about a service you provide.

WHEN ARE SUPPLIER EXPORTS GST-FREE?

You can sell goods GST-free if you export goods from mainland Australia within 60 days of receiving payment for the goods or issuing an invoice for the goods you supplied, whichever is earlier.

You can sell a newly constructed recreational boat to a resident of an external territory GST-free, provided:

- the boat is exported within 12 months of the earliest day of the buyer taking physical possession of the boat, or
- you receive the final instalment payment for the boat, or
- you give the buyer an invoice for the final instalment.

The boat can only be used for recreational/non-commercial purposes while in Australia.

- For more information on the GST-free export of new recreational boats, refer to *GST-free sales of new recreational boats – suppliers* (NAT 73892).

You must keep records to show that you have exported the goods – for example, documents from Australia Post, a shipper or freight forwarder showing that you are the supplier and the destination is an external territory.

WHEN ARE PURCHASER EXPORTS GST-FREE?

If the purchaser exports the goods, you, as the supplier, will be regarded as having exported the goods from Australia if all of the following conditions are met:

- You obtain a written declaration from the purchaser that they are not registered or required to be registered for GST or you check that they are not registered on the Australian Business Register at www.abr.gov.au. If the exporter is the purchaser's agent, the purchaser must also give you evidence of an agency agreement.
- The purchaser exports the goods from the mainland and you obtain documents that show the purchaser has lodged an export entry with the Australian Customs and Border Protection Service (Customs). If the goods are being mailed to the external territory, the purchaser must ensure that a copy of any Customs document attached to the parcel is obtained from Australia Post. You must retain a copy of this document.
- The purchaser entered the goods for export and customs gave them an export entry advice. This form includes an export entry advice number (also called an export declaration number or EDN). You must obtain and keep a copy of the export entry advice to prove it has been entered into the Customs system for export.
- The goods have not been altered or used in any way, except to prepare them for export. You must obtain evidence, such as a written declaration by the purchaser, to prove this.



- There is enough documentary evidence to show that the purchaser exported the goods, for example invoices, bills of lading or other transport documents and evidence from either
 - Customs in Australia
 - the external territory.
- The purchaser is an individual who is a resident of an Australian external territory and gives you
 - a declaration stating that they have not sought a refund of GST under the TRS, or
 - if the goods are wine, that a payment has not been sought for a refund of wine equalisation tax (WET).
- The goods were exported within 60 days from the date you received payment for the goods or issued the invoice, whichever is earlier.

You can provide the goods GST-free on the basis that the purchaser will give you these documents once the goods are exported.

Or, you may be willing to refund the GST to the purchaser once they have exported the goods and given you all of these documents. You can then make an adjustment to your BAS to reflect the refund you paid if you pay it in a different tax period.

It is important to obtain a declaration that the purchaser has not sought a refund under the TRS. This helps to ensure that the purchaser does not obtain GST-free supplies from you in addition to making a TRS claim.

Under GST law, you do not have to sell the goods GST-free or provide a refund. However, you may have to provide a refund under other laws that may apply to the transaction. For example, you may have to provide a refund under your contract with the purchaser. We recommend you discuss this issue with the purchaser before completing the transaction.

We cannot directly reimburse the purchaser for any GST they pay.

➤ For more information about GST-free export of goods, refer to *GSTR 2002/6 – Goods and Services Tax: Exports of goods, items 1 to 4 of the table in subsection 38-185(1) of the A New Tax System (Goods and Services Tax) Act 1999.*

➤ MORE INFORMATION

For more information, you can:

- visit our website at www.ato.gov.au
- phone **13 28 66**
- write to us at
Australian Taxation Office
PO Box 3524
ALBURY NSW 2640

If you do not speak English well and need help from us, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone us through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on www.relayservice.com.au and ask for the ATO number you need.

OUR COMMITMENT TO YOU

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest. If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at www.ato.gov.au or contact us.

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