# GST & Tradex Scheme

## GST and Imports of Goods Under Tradex

Under the Tradex Scheme, eligible goods may be imported without payment of GST or customs duties, provided they are to be subsequently exported, or incorporated in other goods that are to be exported. Export must take place within one year after their entry for home consumption, or such further period as AusIndustry may approve.

Importations of Tradex goods (goods covered by the *Tradex Scheme Act 1999*) are non-taxable importations and, GST is therefore not payable to the Department of Immigration and Border Protection.

## Liability for GST on Tradex goods

If you are the holder of a Tradex order and you have imported goods using your Tradex order and any of the following occur, you will have an “increasing adjustment”[[1]](#footnote-1) in your Business Activity Statement (BAS):

* you “use or consume”[[2]](#footnote-2) the goods in Australia
* the goods are disposed of (for example by way of sale or lease) or otherwise dealt with in any way by you for the purpose of being consumed or used by another person in Australia
* any of the requirements of the Tradex Regulations are not complied with in respect of the goods
* the goods are not exported within one year after their entry for home consumption or such further period as is approved by AusIndustry.

## Sales, Leases or Other Supplies

Each sale of Tradex goods in Australia will be a taxable supply if the seller is registered for GST or required to be registered. Sales, leases or other supplies of goods in Australia are subject to GST even if they have been imported GST free under the Tradex Scheme. If you are registered or required to be registered for GST, you will be liable to pay and account for GST on the sale or other supplies such as leases or hiring of the Tradex goods.

### Example 1: Sales for consumption or use in Australia

I am registered for GST. As part of my business I import goods for export. I make a non-taxable importation of goods by importing them under Tradex. If I had not used my Tradex order, the importation would have been taxable and, I would have been liable to pay $100 GST to the Department of Immigration and Border Protection.

My plan to export the goods does not work out, so I sell them to a purchaser, who consumes or uses them in Australia, for $1,650 (GST inclusive) as part of my business. Under the GST law I have an increasing adjustment and I also have to account for GST on the sale of the goods.

The amount of the increasing adjustment is the tax that would have been payable if the importation had been taxable ($100), less any input tax credit I would have been able to claim. I would have been entitled to claim an input tax credit of $100 because I am using the goods for my business. The amount of the increasing adjustment is $100 - $100 = 0. The amount of GST I pay on the sale and account for on my BAS is 1/11th of $1,650 i.e. $150.

As the goods have been sold in Australia and are no longer intended for export, I am also liable to pay Tradex duty to AusIndustry.

### Example 2: Sales to overseas customers

I import goods under Tradex and sell them to an overseas customer. I issue an invoice and then receive payment. I export the goods to the customer within 60 days of issuing the invoice and, within one year after their entry for home consumption. I make a non-taxable importation of the goods because I import them under the Tradex Scheme. I do not use, consume or otherwise dispose of the goods in Australia.

I have no increasing adjustment because I have met the Tradex requirements. My sale of goods for export by me is GST-free. I account for the sale on my BAS. There is no liability for Tradex duty under these circumstances.

**Example 3: Sales to third party exporters**

I make a non-taxable importation of goods by importing them under Tradex. If I had not used my Tradex order, the importation would have been taxable and, I would have been liable to pay $100 GST to the Department of Immigration and Border Protection. I am the importer but not the ultimate exporter.

I sell the goods to a manufacturer in Australia, who subsequently exports them incorporated in the manufactured item. I sell the goods to the manufacturer for $2,200. Under the GST law I have to account for GST on the sale of the goods and I need to pay GST on the sale and account for it on my BAS. The amount of GST I pay on the sale and account for on my BAS is 1/11th of $2,200 i.e. $200.

I have no liability for Tradex duty, or for any increasing adjustment for GST, as the goods imported under Tradex have been ultimately exported. Note: this is subject to records that demonstrate traceability of the goods through the supply chain to the final point of export.

## Exports Without Sale, Supply Use or Consumption

Goods imported under Tradex which are exported without being sold, supplied, used or consumed in Australia meet the Tradex requirements and have no liability for Tradex duty. These goods have no liability for GST and therefore no increasing adjustment is needed.

If you would like further clarification of your GST responsibilities or your obligations under GST law, contact the Australian Taxation Office on 13 28 66 or visit their [website](http://www.ato.gov.au).

1. The amount of the increasing adjustment is the amount of GST that would have been payable on the importation less the amount of any input tax credit you would have been able to claim. You can claim input tax credits if you cause goods to be brought to Australia for application to your own purposes, you complete the customs formalities, and you import the goods for use in your business that is registered for GST. [↑](#footnote-ref-1)
2. Under the Tradex Scheme, goods are not considered to be “used or consumed”:

• if they are used for the purpose of being inspected or exhibited before being exported

• if their use immediately before export is incidental (e.g. product testing)

• if they are mixed with like or other goods in Australia (this includes processing or treatment undertaken in Australia and incorporation into other goods manufactured in Australia) and then exported. [↑](#footnote-ref-2)