**GST Threshold on Overseas Imports Submission to the Australian Taxation Office December 2nd 2016.**

Thank you for allowing me to make this submission. I’m sure, I will be doing this on behalf of and the support of most Australian Businesses owners, Business Associations and Business organisations in Australia.

We are aware that you are going to scrap the $1000 GST threshold on Overseas Imports from the 1st July 2017, which is an issue we in business have campaigned all sides of politics to have done for many years. The inequity has caused the closure of many businesses in Australia who have not been able to compete with this unfair and uncompetitive legislation. Consequently, many Australians have lost their jobs, also making it difficult for our children and future generations to find jobs because those businesses have closed. Perhaps the only way to get the politicians to take notice is for us to close Parliament and they lose their jobs and income for a while. I am sure something would be done very quickly about this unfair legislation. I will be sending a copy of this submission to several Politicians today so that they know the business community are very serious about getting immediate action on this issue.

We do realise that in your brief that you are not scrapping the $1000 threshold for Customs handling fees and Duty if applicable. That basically means very little will change for Australian Businesses and you will continue to see businesses close all over our country and put their staff off, simply because they still won’t be able to compete with overseas companies. Why you are not charging Customs handling Fees and duty etc. from Dollar one has us confused. Customs cost Australian Taxpayers a lot of money to operate and to have a fee for EVERYONE who imports goods is the only fair way to handle this issue and to recover the costs of operating Customs or Border Force as it is now called. By not doing this you are making Australians who do not import from overseas pay to employ Customs officers to handle parcels for those who do import goods. That is certainly unfair as well. There needs to be a fee for everyone importing goods.

Unless you scrap the GST threshold all together, the new system will fail and will continue to be rorted by many overseas suppliers and Australians as well. For example, I spoke to a Motorcycle Workshop operator yesterday who had a customer give him two rims for a Harley Davidson Motorcycle that he needed tyres fitted to. The Customer told him he had paid US$4000 for the rims, but the seller in the USA new it was easy to get his products into Australia, because we have a very week customs system and he could save the customer lots of money. He sent one of the rims one week and the other one a week later and created an invoice for the goods for AU$920 each. This meant the customer didn’t have to pay Customs Handling Fees, No Duty if it was applicable and NO GST. Under the system, you are going to put in place the only change will be that he will pay $92 GST on each order and still none of the other Customs fees even though he was part of and jointly defrauding our country and the Australian Taxpayers. He was also told that if he sent some of the money one day and then the balance the next day it was possible to make an invoice out for the two wheels for $920 and send them because Australian Customs don’t match the money leaving the country with the invoices on the goods coming in, so no one would find out.

I also have copies of several invoices made out to one importer in the Hobby Industry that he paid more than $400,000 for, but not one of the invoices in that 12-month period were for even close to $1000. Just one of the consignments was for more than $32,000 that he paid and the invoice attached to the package was for around $600. These were mainly from Hong Kong. Several of our Federal Politicians have copies of these invoices. NO Customs Handling Fees, No Duty and NO GST were charged. Had this been for a private citizen Australia would have missed out on over $40,000 in GST Income. Because it was for a business the owner sold the goods including GST and sent the money to the ATO with his BAS. The supplier said it was so easy to scam Australia that he does it every single day. This is not what we want to see. Our Politicians should be ashamed of themselves to be allowing this inequity to continue for as long as it has.

The reason for this submission however is because the system you are proposing will make very little difference unless you have in place a way to match the money leaving the country to the amount stated on the invoice. I have been working with a group of business owners and business associations from several different industries on this issue for the past eight years.

At a recent meeting one person in our group, who imports goods from overseas mentioned that his supplier was fully aware of the system that Australia was going to implement to collect the GST and this is what he had to say about it.

He has 324 staff. He is going to register many of them on our GST system and get them to supply orders to Australia until that person has hit the $75,000 mark and then he is simply going to start up a new staff member until that person has sold $75,000 worth and so on. He said that will fix that problem. He said that doing it that way he would still be able to sell for less than Australian Businesses can and it wouldn’t affect his business. He also mentioned that on his more expensive goods he would ask Australians to pay some money off the goods one day and then the next day pay the balance. He would then make the invoice out for the lesser amount meaning less Customs Handling Fees, Duty and GST.

You see, many overseas companies know just how easy it is for them to send goods into Australia and escape having to pay our fees. We are an easy target for them to dump their goods at prices Australian businesses have no chance whatsoever of being able to compete with.

So, how can this fraud on our system be avoided? Easily, say the millions of business owners in Australia. Our group has spoken with several people from the Banking and Financial Industries. They all say that it is not an issue for the banks etc. to collect the GST on the transaction as it takes place online or by bank transfer to these overseas companies. They tell us that it is only a programming issue and could be put in place at early notice. Australian Businesses must all collect GST and send it to the ATO. Businesses of all types deal in Widgets of some kind and the only difference is that banks deal in Dollar widgets. We understand that some people import goods that do not attract GST but that shouldn’t make any difference. They pay the GST and claim it back when they do their BAS. That’s what we must do and so should everyone.

This would eliminate any fraudulent invoices on money transfers as the GST would be paid on the amount being transferred overseas. All parcels coming into the country would then have an invoice attached that would equal and match the amount transferred. People wishing to claim back the GST would have to do so the same as businesses in Australia have to when they do their BAS. Anyone trying to scam our system by saying that a friend or family member has sent them the goods as a present would be easy to identify as there would be a parcel coming into our country with an invoice attached that matches an amount that left Australia.

We would suggest that the financial Institutions would send Customs a list of transactions each day so that Customs would be aware of what is coming in and be able to match the amounts on the list with the incoming parcels. Getting the financial Institutions to collect the GST etc. is the best way to handle this method, plus it would be easy in the future or even now to be able to add customs Handling fees or import tariffs etc. to the amount being paid, based on a formula using the amount being transferred, should the Government decide to go down this track. If Australian Businesses have to pay Customs Handling Fees, Duty if Applicable and GST, so should everyone have to pay those same fees. It’s the only fair way for our Government and Treasury to handle this issue

If we don’t impose this matching system absolutely nothing will change and Australian businesses will continue to be disadvantaged. Australian business will continue to close and Australian people will continue to lose their jobs.

I know one of the employees who works at Border Force. He said it should be called Border Farce as it has become a joke of an organisation, simply because so many people are getting away without having to pay the fees that they should be paying. He said if you saw some of the amounts on the invoices that should be for not only thousands of dollars, but some for hundreds of thousands that have invoices for less than $1000 and get through customs, you would be shocked. It’s time to fix the problem. Perhaps it’s would be a good time to make them accountable if this is true. Nothing will change however without matching the money leaving the country. It’s that simple.

Australia Must Come First. It is up to our Politicians from all Political Persuasions to be held accountable on this issue and to fix this problem and to fix it NOW as a matter of priority. Some of our leaders in the business world are saying that our Politicians will never get the Financial Institutions to collect the GST, but we the business owners in this country and all the Australians we employ disagree. If we can do it so can they and it’s now up to the ATO to use their Powers to make this happen.

Thank You.

Eddie Peters

Business owner in Western Australia.