

DLK ADVISORY

GST ON IMPORTS: ARE YOU OPTIMISING YOUR CASHFLOW?



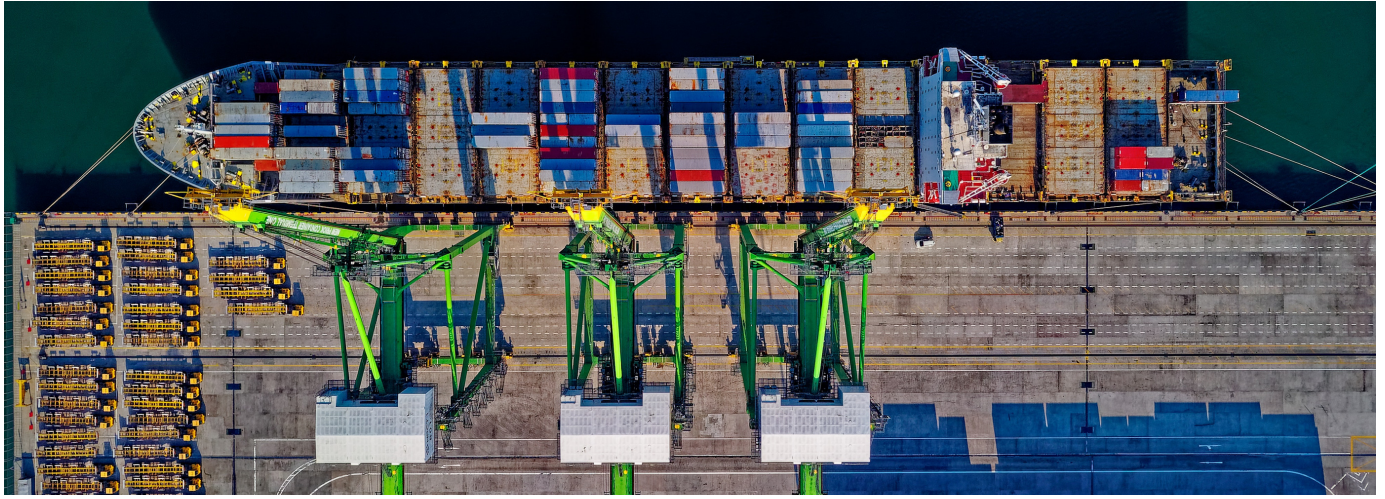
Looking for opportunities to improve cashflow? If you import goods as part of your business, you don't have to pay goods and services tax (GST) upfront if you're registered for the ATO's deferred GST scheme.

Instead, you can defer and offset GST amounts in your next business activity statement (BAS). However, there are some eligibility requirements – including a condition that your business lodge activity statements monthly (rather than quarterly).

Usually, GST is payable on most imports into Australia and goods will not be released until the GST is paid to customs. This can have significant cashflow implications for importers. While you're generally able to claim a credit later for the GST paid, you still need to have the funds to pay the GST at the time of importation.

The ATO's deferred GST scheme allows participants to defer payment of the GST amount until their next BAS is due. This means you can start selling or using the imports in your business right away without having to come up with the GST amount when the goods arrive in the country.

Businesses who wish to take advantage of this scheme must apply first and be approved by the ATO. To be eligible, you must have an ABN and be registered for GST. You must also lodge and pay your BAS online. You must also elect to lodge your BAS monthly, which means businesses who currently lodge quarterly will need to consider whether the deferred GST scheme justifies giving up quarterly lodgement.



Once you're approved, it's important that you lodge and pay your monthly BAS on time. The ATO may remove you from the scheme if you fall behind, and in this case you'd need to reapply for the scheme.

Participants in the scheme have their GST amounts on taxable imports deferred until the first BAS lodged after the goods are imported (which for monthly lodgers is due 21 days after the end of the month). You will generally be able to claim a credit for this GST amount (subject to the usual rules about when you can claim GST credits).

The overall effect of participating in the deferred GST scheme is that your GST on imports is deferred and offset, and you aren't required to have funds available to pay the GST when the goods are initially imported.

Contact our office to discuss how the deferred GST scheme could benefit your business or to explore other strategies for improving your cashflow position.

CONTACT

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