

Processing GST and other charges on Imported Goods

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Question

I have already received and paid for my imported goods, but the Customs Duty and GST bill on those goods has just arrived. How do I process these expenses?

Answer

It is common among importers that the Customs Duty, Transport, Insurance and GST costs are charged after the imported goods have been received and possibly paid for.

At a later date, sometimes accompanying another delivery of imported goods, will be a bill for other charges which include these charges for the earlier delivered imported goods. Payment is to be made to the Customs Office and not the supplier of the goods.

The amount of the GST will be on the Custom Office's valuation of the imported goods plus the GST on transport and insurance charges. This may differ from the company's actual costs.

Furthermore, the ATO has directed that on the Business Activity Statement, the Custom Office's valuation of the imported goods (the amount on which GST is levied) be reported and not the actual amount paid. See:

[https://portalhelp.ato.gov.au/BP/LBUS/Activity_statement/Complete_activity_statement_-_goods_and_services_tax_\(GST\)/](https://portalhelp.ato.gov.au/BP/LBUS/Activity_statement/Complete_activity_statement_-_goods_and_services_tax_(GST)/)

for further information.

Detailed Instructions

All necessary transactions will be entered over a period of time.

Create service items for the charges associated with previously delivered import goods:

- Customs Duty
- Transport Costs
- Insurance charges

Create a Customized Tax Code for no GST applicable - see below.

Transaction 1 – Enter Bill for goods received at the contract price.

1. Create a new Tax Item and Tax code for GST Not Applicable
 - a) Create the Tax Items:
 - i. Lists > Tax Item List > Item button > New
 - ii. Enter a Name – eg: NTA-P (no tax applicable for purchase side transactions)
 - iii. Tax Rate (%) or Amt stays at 0%
 - iv. Tax Agency is Australian Taxation Office
 - v. Click the Radio button for Use this item in purchase transactions
 - vi. Tax Return Line is Goods and Services Tax
 - vii. Click OK to save.
 - b) Create the Tax Code
 - i. Lists > Tax Code List > Tax Code button > New
 - ii. Enter a Name – eg: NTA (no tax applicable)
 - iii. Taxable Information – Purchase Tax Item: select the Tax Item created (eg NTA-P)
 - iv. Click OK to save.
2. Enter your bill using:
 - i. The contract price being paid;
 - ii. If a foreign currency, enter the reference exchange rate;
 - iii. Tax code is NTA (created above).

Transaction 2 – Enter Bill for imported goods received and Customs Office charges

1. Enter the Bill using:
 - i. The date supplied by the Customs office;
 - ii. The same items entered in 2 above;
 - iii. Use the tax code NCG (or other customised tax code for 10% for purchase side transactions);
 - iv. Enter the same items as in 3(ii) above except with a negative quantity and use the tax code NTA created in 1 above;
 - v. Add in other charges (Transport, Insurance Customs Duty, etc) with related tax codes.

This process will ensure that your Profit & Loss reports will use the contract price you paid, and the actual amount of GST paid, and report in the Business Activity Statement the Customs Office valuation of your imported goods.

Please Note that the NTA tax code created here should not be selected for any field in the Business Activity Statement.