



## Indirect Tax Perspective $\Rightarrow$ everything

### Australia flags charging GST on intangibles supplied from offshore

The Australian Government has announced its intention to amend the GST law to tax 'intangible' services supplied by foreign entities to Australian customers.

Few details have been provided at this stage, with a more formal announcement likely in the 2015-16 Budget on 12 May 2015. We anticipate the amendments will be targeted at Business – Consumer dealings in the context of electronic commerce and the supply of digitised services including content downloads, gambling services and rights to use intellectual property in Australia. It is unclear whether the proposed change will impact the

current GST treatment of Business – Business dealings.

In a similar manner to the rules introduced in South Africa in mid-2014 and to the approach proposed by the OECD in a discussion draft of the International VAT/GST Guidelines published in December 2015, any amendments are likely to require foreign entities to register for GST in Australia and account for 10% GST on supplies made to Australian consumers. Unlike the VAT rules in Europe, foreign entities do not have the option of a ‘one stop shop’ within the Asia Pacific region to simplify compliance for VAT/GST equivalent systems that seek to account for tax in the jurisdiction where the consumer is based.

The Government’s proposal has been prompted in part by the recent entry of several entertainment streaming services into the Australian market, and the competitive advantage being gained by offshore suppliers as a result of having no liability to pay GST under the current legislation.

Details about the precise nature of the amendments, including any transitional rules (for existing subscriptions/contracts) and any compliance simplification options to be offered to foreign suppliers, will be communicated as they become available.

If you have any questions, please feel free to [contact me](#) at any time.

**Jon Graham**  
Deloitte Australia Indirect Tax Leader

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Deloitte Touche Tohmatsu Limited  
30 Rockefeller Plaza  
New York, NY 10112-0015  
United States

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