
Indirect Tax Update

2 November 2015

Goods and services tax (GST)

GST and cross-border transactions

This [TaxTalk Alert](#) highlights the measures contained in recently released exposure draft legislation concerning GST and cross-border transactions, including the Government's integrity measure to extend the GST to imported digital products and services.

Customs

Joint Select Committee on Trade and Investment Report

On 15 October 2015, the Joint Select Committee on Trade and Investment Growth released its report on its inquiry into the business experience in utilising Australia's free trade agreements. In its concluding comments, the Committee expresses the view that as a trading nation, Australia must continue to develop Free Trade Agreements (FTAs) with its trading partners to reduce tariffs and increase quotas for Australian goods, and to open up opportunities for the export sector of the Australian economy.

In relation to the process for negotiating FTAs, the Committee states that it supports the negotiating framework adopted by Australia, with the Department of Foreign Affairs and Trade (DFAT), supported by other Commonwealth agencies, being best placed to take the lead role in negotiating these agreements. The Committee observed however that despite Australia having a well-developed financial services industry, the finance sector has received limited direct benefit from FTAs. In view of this, the Committee in its report agreed with the Financial Services Council (FSC) that Australian regulators should be involved in FTA negotiations to facilitate Australian companies benefiting from the FTA and subsequent development of mutual recognition agreements.

ASEAN-Australia-New Zealand Free Trade Agreement

The Minister for Immigration and Border Protection has given notice in the Commonwealth Gazette that the First Protocol to amend the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area enters into force for Australia on 1 October 2015.

Negotiations conclude on the Trans-Pacific Partnership (TPP) Agreement

On 6 October 2015, Prime Minister Malcolm Turnbull and the Minister for Trade and Investment Andrew Robb jointly announced the conclusion of negotiations on the Trans-Pacific Partnership (TPP) Agreement.

The 12 countries involved in the TPP (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore, the United States and Vietnam) account for approximately 40 per cent of global GDP. Last year, approximately one-third of Australia's total exports of goods and services were sent to TPP countries.

The TPP aims to deliver significant benefits to Australian's agricultural producers, resource exporters, service providers and consumers. The key outcomes of the TPP include:

- Elimination of over 98 per cent of tariffs in the TPP region, removing import taxes on approximately \$9 billion of Australian Trade.

- New commercial opportunities and guaranteed access, including in the education, financial, legal, mining services, transport, telecommunications, health, and tourism services sectors.
 - Reduction in tariffs on Australian beef to 9 per cent
- as a result of the agreement (in 2014, approximately 40 per cent of Australia's agricultural exports were made to TPP countries).
- New market access opportunities for exporters through the elimination or significant reduction of tariffs on iron and steel
- products, ships, pharmaceuticals, machinery, paper and automotive parts.
- All remaining tariffs in TPP countries on Australian minerals, petroleum and LNG exports will be eliminated.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

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