

NORFOLK



ISLAND

THE GOVERNMENT OF NORFOLK ISLAND

MEDIA RELEASE

Goods and Services Tax update

Minister for Finance Neville Christian said today that the implementation of the Goods and Services Tax was progressing well. He said that the GST Office was collecting information on all queries and documenting all rulings given. The GST Handbook would be updated regularly and sent to all registered businesses. As well, information would be posted on the GST website at www.gst.gov.nf. Mr Christian also provided clarification on some issues relating to the application of the GST.

Customs duty on component items

Recent changes to revenue procedures mean that customs duty is not levied on items that are imported for resale. The Government has considered the treatment that should apply to imported items used in the process of producing or manufacturing goods and services for resale. It has decided that a number of categories of component items should be categorised as within the definition of goods for resale and therefore should not attract customs duty.

Examples of these categories are:

- Beads, nylon and clasp (sold as a necklace) are items imported for resale;
- Flour (sold as bread) is imported for resale;
- Clay (sold as pottery) is imported for resale;
- Syrup and gas (sold as soft drink) are items imported for resale.

The common element to these items is that they are imported and are sold in a processed or modified form. GST will be payable on the sale of the goods or services containing the components imported.

Further consideration is being given to the treatment of items more indirectly for resale. Some examples include importation of seeds and fertilisers for farmers who sell produce, stock feed for farmers who sell meat or eggs, consumable items such as pillows and sheets used by accommodation houses and even ink and paper for printers. The Minister said that he was considering the manner in which such items could be exempted from customs duty and would issue a further advice in the near future.

Items for Export

Schedule 1 to the GST Regulations provides that goods exported from Norfolk Island are exempt from GST. It was the Government's intention that this would apply only to exports of goods manufactured or produced in Norfolk Island. Items that would meet these criteria would be primary produce such as seeds, sprouts and coffee. The Minister said that it was not intended that this exemption should apply to items which contained components that had previously been imported, and that changes to legislation would be made if necessary to clarify this situation.

The Minister said that changes of this type were foreshadowed during introduction of the legislation to fine tune the revenue package to meet the Government's intentions and community concerns. He said that any necessary amendments to legislation would, once enacted, be retrospective and take effect from the date of this announcement.

Mr Christian also said that the date for lodging stocktakes had passed, but the Government had decided that the GST Office would be able to accept adjustments to stocktakes or further information on stocktakes already lodged up until 30th April. He also reminded the community about the help available on the GST through calling the GST hotline on 24110 and by registering for two hours' free professional accounting advice through calling the Assembly on 22001.

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