

Fact Sheet

GST On Online Purchases



OVERVIEW

GST ON ONLINE PURCHASES

When making purchases online, businesses may find it difficult to ascertain if the purchase they have made includes GST and can be claimable as part of their Input Tax Credits in their Activity Statement. The challenge of these online purchases is to identify the correct business where the goods or services are being purchased from.

DEFINITIONS

TYPES OF ONLINE PURCHASES

Online Stores	Online shopping sites are Ecommerce platforms where businesses can purchase items available for auction or sale. These sites include: eBay and Amazon.
Online Outsourcing	Outsourcing websites or apps are online platforms which allow consumers to search for businesses and hire them to perform specific tasks. These apps include: Fiverr, Airtasker, and Gumtree.
Online Businesses	Businesses that have their own Ecommerce stores online.
Digital Products	Businesses that supply software, digital trade journal, magazine subscriptions, website designs, publishing services, outsourced legal and accounting services.

DEFINITIONS

REVERSE CHARGE RULES

There are some circumstances where GST is paid by the purchaser. This is defined as a *reverse charge*. This rule applies when the following conditions are met:

Business Registration	The purchasing business is registered for GST.
Input Tax Credits	The purchasing business would have been entitled to claim a full GST credit on the purchase.
Type of Business	The purchasing business imports services or digital products.
Type of Products or Services	The imported services or digital products are not GST Free or Input Taxed.

TAX TREATMENT DETERMINE THE TYPE OF ONLINE PURCHASES – ONLINE BUSINESSES

Online Stores	When purchasing items from these sites the business must first determine if the purchase was made directly from the site or from one of their resellers. The GST implication of these purchases would then depend on the resellers: if they are based in Australia and registered for GST.
Online Outsourcing	Similarly to online stores, the ability to claim GST on these purchases depends on the business who has performed the task. The request of the Tax Invoice must be made directly to the business (not the outsourcing service). Once an invoice is received from these businesses, the correct GST implication can be made.
Online Businesses	The GST implication once again depends on the business where the purchase has been made. Once an invoice is received from these businesses, the correct GST implication can be made.
Digital Products	<p>From 1st July 2017, non-residents doing business in Australia who sell imported services and digital products to Australia are required to register for GST in Australia. To be able to charge GST in Australia these companies have to register for an ARN (ATO Reference Number). However, the GST implications only relates to supplies made to individual consumers, business to business transactions are exempt. Facebook is one of these businesses and is now charging GST to their individual consumers but GST exempt supplies to businesses.</p> <p>Overseas companies also have the options to register for an Australian ABN and GST in this case they would follow the same rule as any other Australian companies. Google and Adobe are two businesses who now have an Australian Registered Business.</p>

TAX TREATMENT CLAIMING GST ON ONLINE PURCHASES

In Summary the rules which make GST claimable as Input Tax Credit for online purchases are not different than any other purchase types. To claim GST from an online supplier, the following conditions must be met:

Business	The Business must have a valid ABN registered in Australia.
Purchase Type	The purchase has been made for business purposes.
GST Registration	The Business must be registered for GST.
Proof of Purchase	The business must provide a valid Tax Invoice for all purchases over \$82.50 (GST Inclusive).

RECORD KEEPING ACCOUNTS

The purchase of goods and services online should be posted to the relevant expense account, depending on the type of product or service that was purchased. The correct GST implication should be set by assigning the correct Tax Code to the Supplier contact where the purchase was made from. Following is a table of the major providers of digital services and the correct GST implication applicable when buying products or services from these organisations.

RECORD KEEPING INTERNATIONAL PROVIDERS OF DIGITAL PRODUCTS

Supplier Name	ABN	Currency	GST
Adobe / Adobe Systems Pty Ltd	18 586 921 900	AUD	Yes
After Pay Pty Ltd	15 169 342 947	AUD	Yes
Amazon Commercial Services	30 616 935 623	AUD	Yes
Apple Inc	N/A	USD	No
Apple Music / iTunes / App Store / Apple Pty Ltd	46 002 510 054	AUD	Yes
Calendly LLC	N/A	USD	No
Canva Pty Ltd	80 158 929 938	USD	Yes
Crazy Domains.com	26 165 567 144	AUD	Yes
Dropbox Australia Pty Ltd / dropbox.com	75 168 008 240	AUD	Yes
Facebook Inc	N/A	AUD	No
Fiverr	N/A	USD	No
Go Daddy Domain Services	38 604 834 237	AUD	Yes
Google Australia G Suite Google Adwords	33 102 417 032	AUD	Yes
HootSuite	79 159 564 904	AUD	Yes
Insightly Inc / Insightly CRM	N/A	USD	No
Intuit Singapore / QBO / QuickBooks Online	72 161 157 953	AUD	Yes
Kaspersky Lab Australia and New Zealand Pty Ltd	11 133 666 841	AUD	Yes
Linked In.com Linked In Singapore Pte Ltd	73 615 253 408	AUD	Yes
MailChimp	N/A	USD	No
McAfee Ireland Limited	83 234 695 845	AUD	Yes
PandaDoc	N/A	USD	No
Shutterstock Australia Pty Ltd	18 623 384 341	AUD	Yes
Shutterstock Netherlands	N/A	EUR	No
Slack Technologies	N/A	USD	No
Spotify Australia Pty Ltd	70 154 200 941	AUD	Yes
Stripe.com Payments	66 160 180 343	AUD	Yes
Survey Monkey	56 168 420 013	AUD	Yes
T/Sheets	16 605 847 907	AUD	Yes
Vistaprint B.V.	27 304 501 194	AUD	Yes
Zoom Video Software	N/A	AUD	No



FREQUENTLY ASKED QUESTIONS

Could GST be applicable to purchases issued in currency that is not Australian Dollars?

Yes, the currency does not determine the GST implication of the purchase. A business could issue a Tax Invoice in USD and apply GST to the purchase.

Are goods or services paid using a Pay Pal account GST claimable?

Pay Pal is not an online provider of goods and service but simply a payment portal. The GST implication of the goods or services purchased depends on the supplier which has sold the goods or services to the business, not the payment method used to purchase them.

Can I claim GST if I buy goods or services from eBay using my personal account which I then use for business purposes?

If goods or services are purchased directly by eBay (not one of their resellers) using a personal account, eBay will charge GST on these purchases. However, the GST cannot be claimed as Input Tax Credits through the business. If the goods or services were purchased from an eBay reseller, the ability to claim GST would depend on the GST and ABN registration of the reseller. A Tax Invoice should be requested directly to the eBay reseller to identify the correct GST implication for the purchase.



CASE SCENARIO – WEBSITE DESIGN

SCENARIO A

A company purchases a new Website Design service from Go Daddy. Go Daddy provides a Tax Invoice for their service, showing their Australia ABN and GST.

Outcome

The cost of the Website design is GST claimable as the business has obtained a valid Tax Invoice from Go Daddy Australia (ABN: 38 604 834 237) which is registered for GST.

SCENARIO B

A company hires a small contractor in America to design their new Website which they find via Fiverr. The contractor provides them with a receipt for the cost of their service in USD.

Outcome

The cost of the website design is not GST claimable, as the designer who performed this task is located in the US and is not registered as an Australia Business.