

IMPORTANT NOTICE

AUSTRALIAN DAP/DDU AND DDP

We would like to thank all WCA and GAA members that are requesting DAP/DDU and DDP rates from us on a daily basis. We very much appreciate it and do hope that our services and pricing are helping you close the sale or supporting a current customer.

I would like to take the time to share some details of the DDP term implications in Australia, as we are seeing an increasing number of these enquiries from our overseas partners. DDP shipments into Australia, if not managed properly, may have a significant cost impact on your customers.

The DDP term requires the shipper to be the Importer of Record into Australia and this makes charges incurred in Australia, including import duty, GST and government entry charges, the responsibility of the shipper. It is GST that brings about the cost burden on the shipper. In import

circumstances, other than DDP, the local Importer, who will be registered for GST, is the Importer of Record and can claim a tax credit the GST paid on import. The GST is therefore not an actual cost to the local importer.

Under DDP terms, the shipper is the Importer of Record and is liable for the import GST. The shipper, however, is not registered for GST and therefore cannot claim an Input Tax Credit for the GST. The GST is therefore an actual cost to the shipper. GST on an import to AU is calculated as 10% of the CIF price plus any duty. Depending on the value of the goods, the GST can add up very quickly.

If the imported goods in a DDP transaction are duty free, the AU consignee is permitted to be the Importer of Record and they can then be responsible for the import GST. If the goods are dutiable the shipper must be the Importer of Record, and must assume the GST cost.

When discussing terms with your customer please ensure they are aware of the GST implications and where possible we do recommend they negotiate DDU or DAP terms with their AU customers as this allows the AU entity to be the Importer of Record and in turn for the Import GST to be reclaimed.

If the shipper is seeking to ship regularly to AU under DDP terms, consideration can be given to registering them as a non-resident for GST purposes. This will allow them to reclaim the GST. We can assist with further advice on this subject on request.

We thank all members again for the continued enquiries we very much enjoy supporting you in the Australian market.

For any enquiries in this subject please email **Greg McKillop** at sales@sccargo.com.au

BRISBANE

12/168-170 Redland Bay Rd
Capalaba QLD 4157
P: +61 7 3899 6466

SYDNEY

Suite 26, Level 1,
29 Kiora Road Miranda
NSW 2228
P: 0420 241 069

E: sales@sccargo.com.au

W: www.sccargo.com.au