

# Trade & Transportation Insurance News



GST on Import/Export Insurance

June 2006

## Introduction

We are often asked whether or not GST should be charged on brokerage on import and export cargo policies.

The Australian Tax Office has made a specific Tax Ruling (ATO ID 2002/1076) clearly stating that GST is not payable on the insurance or on the broker's commission for arranging import insurance. The definitions under the relevant section mean that the same interpretation applies to export insurance.

This ATO ID only answers the specific question raised and leaves a number of other issues open to interpretation.

If you require further information we recommend you obtain your own professional advice.

## Disclaimer

**This newsletter is for information purposes only and is not legal advice.**

**To see the full ATO ID 2002/1076**  
[Click here](#)

## Key points of ATO ID 2002/1076 are:

### Issue

Is an insurance broker making a GST-free supply when it arranges insurance on behalf of its client for the international transport of goods from overseas to Australia?

### Decision

Yes.

### Reasons for Decision

Section 38-355 of the GST Act provides that certain supplies of transport and related services are GST-free.

Under paragraph (c) of item 7 in the table in section 38-355 of the GST Act (Item 7), the supply of arranging insurance is GST-free if the supply of the insurance itself is covered by item 6 in the table in section 38-355 of the GST Act (Item 6).

Paragraph (c) of Item 6 states that the supply of insuring the transport of goods from a place outside Australia to their place of consignment in Australia is GST-free.

Therefore, the supply of arranging that insurance is also GST-free under Item 7.

The broker is making a GST-free supply under Item 7 when it arranges insurance on behalf of its client for the international transport of goods from overseas to Australia and there is no GST payable by the broker in relation to that supply.

**Date:** 24 August 2001

Item 6 specifically states:

6. *Insuring transport etc.*

(b) *insuring the \*international transport of goods from their \*place of export in Australia to a destination outside Australia; or*

(c) *insuring:*

(i) *the transport of goods from a place outside Australia to their \*place of consignment in Australia; and*

(ii) *the subsequent transport of those goods within Australia, if it is an integral part of the transport of goods from the place outside Australia to the place of consignment in Australia; including loading and handling within Australia that is part of that transport; or*

(d) *insuring the transport of goods from a place outside Australia to the same or another place outside Australia.*

\* terms are defined by the ATO and must be clearly understood.

Therefore, ATO ID 2002/1076 applies to both Import and Exports shipments (see website).

**We will continue to help you meet your GST compliance issues by notifying you of any closings that have GST incorrectly calculated.**

**The Team at  
Vero National Marine**