

Understanding GST for Australian E-commerce Businesses

When Does an E-commerce Business Need to Register for GST?

In Australia, any business—whether physical or online—must register for Goods and Services Tax (GST) if it expects to earn **\$75,000 or more in annual turnover**. This threshold refers to total gross income (not profit), which includes all your sales, regardless of whether or not GST is charged on them.

If you're a South Australian e-commerce business, this applies to you just like any other business across Australia. For example, if your Adelaide-based online store sells \$6,500 worth of goods per month, you'll hit the threshold in less than 12 months, meaning you must register.

You must register within 21 days of knowing you'll exceed the threshold. It's also worth noting that some businesses choose to register voluntarily, even if they're under \$75,000, to claim input tax credits (GST paid on business purchases). This can benefit businesses with high setup costs or inventory purchases.

However, keep in mind: **if you are not registered for GST, you cannot charge GST or advertise that you do**. Charging GST without being registered is illegal and can result in penalties from the ATO.

Charging GST Correctly on Your Online Store

Once you're registered for GST, you must:

- Add 10% GST to most sales within Australia (unless the item is GST-free, like some basic food items)
- Display prices as GST-inclusive if you're selling to consumers (as required by Australian Consumer Law)
- Issue compliant tax invoices for sales over \$82.50 (including GST)
- Lodge Business Activity Statements (BAS) on a monthly or quarterly basis

For e-commerce businesses using platforms like Shopify, WooCommerce, or BigCommerce, you'll need to configure your store's tax settings to correctly apply GST to Australian orders only. This often includes:

- Setting a 10% GST rate for domestic customers
- Setting international customers to 0% (GST-free export)
- Including clear wording on invoices and receipts

Using software like **Xero** simplifies this, especially when integrated with your store. Xero lets you create GST-inclusive invoices, reconcile income with bank feeds, and automatically populate BAS figures based on your coding.

GST and International Sales: What You Need to Know

Many Australian e-commerce businesses sell globally. The good news? **Exports are generally GST-free**, meaning you don't charge GST to overseas customers.

However, to treat a sale as GST-free, you must:

- Ensure goods are exported within 60 days of payment or invoice
- Keep clear proof of export (e.g. shipping documents, courier tracking, customer address)

For digital products and services, GST also doesn't apply if the customer is overseas and the benefit is enjoyed outside Australia. But if you're selling to Australians—even if the product is digital—GST applies.

If you use international marketplaces (like Amazon or Etsy), be aware that GST may be collected and remitted by the platform for certain sales. It's important to clarify your obligations and how your systems are tracking these transactions.

Note: Even though you don't collect GST on exports, you can still claim input tax credits for GST paid on related business expenses (e.g. packaging, postage, advertising).

Keeping Accurate Records for Easy BAS Lodgement

Once registered for GST, you'll need to lodge a Business Activity Statement (BAS) monthly or quarterly. The BAS reports:

- GST collected on sales
- GST paid on expenses (input tax credits)
- PAYG withholding (if applicable)

To prepare accurate BAS submissions, it's essential to:

- **Use cloud accounting software like Xero** to track sales, purchases, and GST codes
- Reconcile your bank accounts regularly to avoid missing transactions
- Ensure invoices and receipts are stored and categorised correctly
- Distinguish between GST-free sales, GST-inclusive sales, and out-of-scope items

If you're using Xero with bank feeds and integrated with your sales platform, most of the heavy lifting is already done. You just need to review and verify the data before submitting your BAS.

Set calendar reminders for BAS deadlines (usually the 28th of the month after each quarter) to avoid late penalties.

Final Word

GST compliance is one of the most common pain points for small e-commerce businesses—but it doesn't have to be overwhelming. With the right systems, correct store setup, and good habits, you can manage GST smoothly.

If managing GST feels confusing or time-consuming—or if you want to be sure you're doing it right—contact Books Bean Kept. We can set up, review, or manage your GST compliance so you can focus on running your store.