

Technical Alert - Review of Low Value Turnover Scheme

Dear member,

During 2014 the TGA commenced a policy and operational review of the Low Value Turnover scheme. The first stage of the discussion was the release of the Review of the Low Value Turnover Exemption Scheme [consultation paper](#). The [CMA's response](#) to this consultation paper outlined support to retain the LVT scheme with amendments to assist small to medium sized business with a better targeted and lower-burden scheme.

The TGA has considered the consultation responses and proposes a new scheme. Given the potential impact on a broad range of charges, it is important that each sponsor consider the impact of the proposed LVT scheme on their product/s. A description of a potential scheme is included at [Attachment A](#).

Comments can be sent to submissions@cmaustralia.org.au by **Friday 30 January 2015**.

CMA consultation response: CMA submitted that administrative burden on the certification of the scheme could be reduced by accepting self declarations rather than a third party accountant certification on annual turnover. Further changes to assist small business to utilise the LVT scheme included clarifying the definition of 'turnover' and providing provisions for the extension of deadlines within the Regulations (possibly with a late lodgement fee). At a very basic approach, the LVT scheme should be maintained as an option for products entered late in the last quarter of the financial year (April, May, June), which logistically are unlikely to have been supplied to customers and hence may not have achieved actual sales.

Response from TGA: The TGA has considered the consultation responses and proposes a scheme whereby a product would be exempt from annual charges only until it commences its initial supply and are considering an option of an exemption based on 'no turnover'. In response to our feedback, the exemption would operate on the basis of a declaration of no supply/turnover rather than third party accountant certification. Products with low turnover (as opposed to no supply or no turnover) would no longer be exempt from annual charges under this scheme. However, as a transitional measure, existing entries at the commencement of the scheme would be exempt from annual charges until supplied/first turnover after commencement if they had an LVT exemption for the immediately preceding two financial years based on turnover.

Background: The low value turnover exemption scheme was introduced in 1990 and allowed sponsors to seek an exemption from payment of annual charges for entries where the annual turnover is less than or equal to 15 times the annual charge for that Register entry.

If you have any questions or require further information please contact Emma Burchell on 02 6260 4022 or email emma.burchell@cmaustralia.org.au