



Goods and services tax (GST) new

Fast facts

What is GST and why is it important?

GST is a broad-based tax of 10% which is applied to most goods, services and other items sold or consumed in Australia. Sales that have GST included in their price are known as taxable sales. Some items don't have GST applied to them. These include basic food, education and medical/health care services, bank fees, and exported goods.

The money collected from GST helps build and support our community. GST helps pay for essential services such as hospitals, education, childcare, aged care, libraries, sports facilities, roads and public transport, as well as police, fire and ambulance services.

Who must register for GST?

You must register for GST if:

- the turnover of your business or enterprise reaches or exceeds the GST registration turnover threshold (currently \$75,000 or \$150,000 for not-for-profit organisations)
- your business is a taxi or ride-sourcing service, regardless of turnover
- you want to claim fuel tax credits through your business.

Registration is your responsibility, and you must monitor your turnover each month. Once you expect you will reach the threshold, you have 21 days to register.

How to register for GST

You can register:

- via ATO Online services for individuals or ATO Online services for business
- by calling the ATO on **13 28 66**
- through your registered tax adviser or business activity statement (BAS) agent
- using the paper form 'Add a new business account'.

Keeping your business safe

Keep an eye out for potential scams, schemes or other fraudulent activities.

- Do not share personal or sensitive information with others
- If you're unsure if a call is genuine, ask for the caller's details and contact their employer on a phone number you've looked up
- Fake websites, letters, emails, and texts can look like the real thing. If something doesn't seem right, don't respond or click on any attachments or links
- If something looks too good to be true, it probably is! Always check your facts and contact the ATO if unsure
- If receiving advice from a tax or BAS agent, make sure they are registered.

Calculating GST on sales

If registered for GST, you collect GST on your taxable sales and send it to the ATO.

To calculate the GST amount on your sales:

- work out the sale price of your goods or services (not including any GST)

- calculate 10% of this amount (you can do this by dividing it by 10) – this will be the GST amount
- add the GST amount to your sale price (GST inclusive amount).

Claiming GST on purchases (GST credits)

If you're registered for GST, you can generally claim credits for the GST included in the price you pay for things used in your business.

When you make a purchase, you'll generally receive a tax invoice. If the tax invoice indicates that the price you paid is GST inclusive and GST hasn't been listed separately, you can calculate it by dividing the total price you paid by 11. Don't mistakenly divide it by 10.

There are some exceptions, so check your invoices to determine how much GST you have paid.

You can't claim GST credits for items that are for personal use. If you use an item for both personal and business use, you must apportion your claim.

You must have valid tax invoices to support your claims, otherwise the ATO may disallow them.

Tax invoices

If you're registered for GST and make a taxable sale, you need to make sure the tax invoice you issue has the following information:

- it must indicate that it is a tax invoice
- the date issued
- your name or business name and ABN
- the buyer's identity or ABN (for sales \$1,000 or more)

■ a brief description of the items or services sold, quantity and price

- the GST amount (if any) payable
- the extent to which each sale is a taxable sale (for example, if it attracts GST or is GST-free).

You are only required to issue a tax invoice for sales of \$82.50 and above unless the purchaser requests one.

Imports and exports

GST is payable on most goods imported into Australia.

If you are registered for GST and you import goods as part of your business, you may be able to claim a GST credit for them.

Goods and services exported from Australia are usually GST-free, so you don't include GST in the price. However, you can claim GST credits for the purchases you've made to make your exported goods or services.

Record-keeping

- You can use a digital or manual record-keeping system.
- Ensure you maintain accurate and complete records that explain your GST calculations and claims.
- If you don't have appropriate records to support claims, the ATO may disallow them.
- Keep your tax invoices and GST records for 5 years.
- Even if you use a registered tax agent or digital service provider, keeping accurate records is your responsibility.

Cash and non-cash accounting

You can account for GST on a cash basis or a non-cash-basis (also known as accruals).

You can use cash accounting for GST if your business has an aggregated turnover of less than \$10 million. If it's over \$10 million, you must use the non-cash method.

With cash accounting, you record GST on a BAS that covers the period when you actually receive or make a payment for your sales and purchases.

With the non-cash (accruals) method, you record GST on a BAS that covers the period you either:

- receive a payment or issue a tax invoice before receiving payment (for a sale)
- receive an invoice from your supplier before making a payment, or make a payment for a purchase.

Lodging and paying GST

You report GST and claim GST credits on a BAS.

If your GST turnover threshold is:

- less than \$20 million – you can report and pay quarterly
- \$20 million or more – you must report and pay monthly

Even if you're not required to report monthly, many businesses choose to do this as it helps with cash-flow and meeting GST obligations.

If your GST turnover is under \$75,000 (\$150,000 for not-for-profit bodies), and you've voluntarily registered for GST, you can report and pay annually.

You can lodge your BAS via:

- ATO Online services for individuals or ATO Online services for business

- your tax agent or BAS agent, or
- a paper form.

Completing your BAS

If your GST turnover is less than \$10 million, you can use the 'Simpler BAS' reporting method. You only report 3 amounts to the ATO – total sales, GST collected and GST credits.

If your GST turnover is \$10 million or more, you must use the full reporting method. You will need to separate GST sales and purchases into categories (for example, export sales, non-capital sales, other GST-free sales, capital purchases, GST on purchases etc).

Some businesses with a turnover of less than \$10 million can report GST using the instalment method. If eligible, you pay GST instalments quarterly and report final amounts on an annual GST return. To determine your eligibility to use this method, call the ATO on 13 28 66.

Managing GST errors

If you make a mistake on your activity statement, correct it as soon as you can.

A Credit error is where you've paid too much GST (for example, reporting a GST sale twice) and a Debit error is where you've paid too little GST (for example, forgetting to include GST on a taxable sale). You may be able to correct a GST error in a later activity statement.

If you reported a GST sale or purchase on a previous BAS, but something occurs after you've lodged your form that changes the GST amount reported, you may need to make an adjustment.

Getting support

If you're having difficulty lodging your BAS and paying your GST on time, call the ATO and they will help you find a solution. If you have a debt, you might be able to enter into a payment plan with them.

Further information and support is available via:

- www.ato.gov.au
- ATO [live chat service](#) or
- calling the ATO on **13 28 66**

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