

GST *Action Planning*

SEMINAR SERIES AND SUPPORT

GST Pointers



1. A GOOD MANAGEMENT SYSTEM SHOULD:

- Set targets
- Monitor performance against the targets
- Assist in making informed decisions
- Adapt to any changes
- Give procedural guidelines to staff
- Protect staff health and safety by providing a safe working environment
- Provide comfort to different stakeholders by providing relevant, accurate and timely information as required.

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2. GROUPING COMMUNITY BASED NON PROFIT ORGANISATIONS

Community based non profit organisations and their associated entities or activities may choose to register as a group for GST purposes where they:

- have the same tax periods and accounting methods
- are all registered for GST
- are non-profit bodies
- are not a member of another GST group

The advantages are that they

- can ignore GST issues on transactions between each entity in the group
- need lodge only one GST return for the whole group

In the event that group registration is the chosen route, one representative entity within the group acts as the nominated representative of the group for GST purposes.

The nominated representative will consolidate all the relevant information, from all of the members of the group for inclusion in the Business Activity Statement that it files on behalf of the entire group.

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3. To provide GST information for completion of the BAS the system, whether manual or computerised, will utilise the following documentation:

- Tax invoices received from suppliers
- Tax invoices issued by the organisation
- Bank statements/ bank reconciliations/ cashbooks
- Ledgers, and other summarised information
- GST calculation sheets
- Adjustments worksheets
- Guides and industry specific booklets dealing with GST and the Pay As You Go system [PAYG]

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4. The completion of the BAS will require modifications to existing information systems. This will be to provide information under the following categories:

- Total taxable supplies made, separated into capital and revenue items
- Total GST-free supplies made, separated into capital and revenue items
- Total Input taxed supplies made, separated into capital and revenue items
- Total taxable supplies received, separated into capital and revenue items
- Total GST-free supplies received, separated into capital and revenue items
- Total Input taxed supplies received, separated into capital and revenue items
- GST charged to, and collected from clients/ customers which is payable to the ATO.
- GST paid to suppliers of goods and services for which an input tax credit is due from the ATO.
- Tax withheld from payments made to suppliers without an ABN.
- PAYG withheld from salaries and wages
- Fringe Benefits Tax (FBT) payable
- Adjustments arising from alterations to figures reported in previous returns

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5. ASSISTING STAFF TO DEAL WITH GST

In developing the procedures the following factors must be taken into account:

- The Chart of Accounts needs to be suitably modified to classify the various types of supply made and acquired - GST supplies, GST-free supplies, and input taxed supplies, by activity where appropriate
- Setting up procedures to ensure that source documents, will be coded correctly to indicate the GST status of all supplies made or received
- Ensuring that documentation issued by the organisation complies with the "tax invoice" and adjustment note requirements and facilitates accurate recording
- Reviewing current procedures to ensure that the debtors and creditors records capture and classify GST information in an efficient and effective manner.
- Ensuring cash flow management procedures are adequate to cope with the impact of GST
- Ensuring that relevant totals can easily be obtained from the system for entering on the GST return, either from a computerised or a manual recording system
- Ensuring that staff understand and can apply the attribution rules
- Reviewing procedures to ensure that records are kept up to date at all times to enable the completion of the BAS within 21 days of the end of each tax period



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6. TAX INVOICE CHECKLIST

Over \$50 to \$1000

The ABN number
 GST inclusive price
 Clearly shown the words "Tax Invoice"

 Issue date of the tax invoice
 Name of the Supplier
 Brief description of items supplied

 If the GST is 1/11th of the total price
 Either; indicate total includes GST or,
 the amount of the GST

Over \$1000

The ABN number
 GST inclusive price
 Clearly shown the words "Tax Invoice"

 Issue date of the tax invoice
 Name of the Supplier
 Brief description and quantity of items supplied

 If the GST is 1/11th of the total price
 Indicate total includes GST or the amount of the GST

 The ABN number of the receiver or
 The address of the receiver

 The name of the receiver

Get the tax invoice issues right and you are well on the way to dealing with GST.

There needs to be a split between taxable supplies, GST-free supplies and Input taxed supplies

Deposits

Details that need to be recorded in your records in respect of each receipt of funds:

- Date invoice issued by you or date of cash sale
- Relevant details of receipt where no Tax Invoice is available (input taxed supplies)
- Total amount deposited
- Split between each category for GST purposes (where not already recorded in the accounts receivable system)

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7. SAMPLE TAX INVOICE

[for invoices with a value over \$1,000 before GST is added]

TAX INVOICE					
Supplier name	Nightingale Nursing Home			Must state it is a tax invoice	
Supplier ABN	ABN:12 345 678 911				
Issue Date	Date: 1 August 2000			Recipient name and address or ABN*	
Quantity or value*	To: T Smith 123 Music Street Anywhere				
Description or supply	Qty	Description	Amount	Total	Amount excluding GST
		Fees 2 months to 31st July		\$1000	GST amount
		TV Hire charge	\$30	\$30	
		GST	\$3	\$3	
	TOTAL including GST			\$1033	
	States that the total includes GST			Amount payable including GST	

*Details not required on tax invoices under \$1000

This is an example of a typical Tax Invoice. It should be noted that:

- Quantity and volume details, as well as the recipient's name and address do not need to be shown on invoices for amounts between \$50 and \$1000
- It is not necessary to show the GST component as a separate item unless the GST is less than 1/11th of the total, although your customers may find the information useful and it might facilitate the recording of the GST collected by you. If the GST content is less than 1/11th of the total price the GST content must be separately identified. This is so you customer is able to identify the amount of GST that has been included.

Community based non profit organisations will tend to issue invoices for both taxable supplies, and GST-free supplies. An important systems feature to consider is whether or not separate invoices will be issued for the different types of supply. This may involve more work, but it may enable the business to more easily capture the total taxable supplies, and the total GST-free supplies.

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8. TRANSITIONAL ISSUES ACTIONS REQUIRED NOW!

- All existing contracts extending beyond 1 July 2000 should be reviewed
- The GST implications on all the existing contracts should be checked
- The GST implications of new contracts entered into from now until 1 July 2000 should be considered.
- Consider what further actions may be needed as a result of the above, for example contact a solicitor.



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9. The general rules in respect of supplies spanning the implementation date are:

Type of supply	When the supply or acquisition is made
Goods	When the goods are removed; or if the goods are not removed - when the goods are made available to the recipient; or if the goods are removed before it is certain that a supply will be made - when it becomes certain that a supply has been made.
Progressive Supplies such as maintenance contracts	The supply is deemed to occur on a continuous and uniform basis throughout the period
Services	When the services are performed. Special provisions exist for such supplies made on a periodic or progressive basis
Real property such as Land or Land and Buildings	When the property is made available to the recipient. Special provisions exist for major construction agreements.
Any other thing, for example, rights	When the thing is performed or done. Special provisions exist for such supplies made on a periodic or progressive basis