

#### There are a number of key GST issues that impact on the restaurant industry:

- Sales of food items are generally taxable supplies subject to GST, although some of these foods may be GST-free if sold, for example, at a supermarket.
- Taxable food includes food or drink consumed on the premises, and all hot and prepared food consumed away from the premises, for example sandwiches and pies.
- Voluntary tips by customers are not subject to GST, they are not a charge for the food.
- All prices should be advertised and quoted with GST included.
- If a deposit is provided by a customer to secure a booking, GST applies to the total amount paid (including the deposit).
  - If a booking is cancelled and a deposit is refunded, there is no GST payable. If the booking is cancelled and the business keeps the deposit, GST is payable on the deposit.
- Catering businesses often engage other services for a customer, including for example, a band. They must ensure that they charge the customer GST on the full value of the service provided unless the customer pays the service provider directly.
- Businesses may provide free items, i.e. chocolates with coffee, GST paid on purchase can be claimed.
- Where a customer requests a tax invoice, if the sale includes GST-free and taxable supplies, the GST charged, must be separately shown on the tax invoice.
- Businesses must record sales and purchases of taxable items [**GST inclusive**] separately from GST-free sales and purchases [**no GST included**] to ensure that only GST collected is paid, and only GST included in the price of Goods and Services bought is claimed back as an input tax credit.

*This quick guide is intended as a general information sheet only.  
For specific advice you should refer to your business adviser, accountant or tax agent*

- The Australian Tax Office allows restaurant and catering businesses with inadequate accounting systems to use one of two simplified accounting methods to separate taxable and GST free sales, if sales are less than \$2m in the 12 months to 30 June 2001, or less than \$1m for subsequent financial years.
  - The **Business Norms Method** allows a business to apply a fixed ATO percentage to its total sales and purchases. This percentage determines the percentage of sales or purchases to be treated as taxable and GST free.
  - The **Snapshot Method** enables a business to calculate the actual percentages of taxable and GST free supplies to be used based on its own taxable and GST free supply history. Information pamphlets on how these simplified accounting methods work, are available from the ATO.
- Restaurants and catering businesses often engage labour on a casual basis. It is important that each new employee completes a tax file number declaration and that all employees have the correct amounts of tax withheld from their gross pay. These totals are shown as PAYG Withholding on the BAS.
- When a business pays a supplier for goods and services used in the business, if **no ABN** is supplied, by the supplier, the business must deduct 48.5% tax and pay it to the ATO.

### FOR FURTHER INFORMATION

#### BUSINESS INFORMATION

GST Start-Up Assistance Office: **Ph 13 30 88**

Internet: [www.gststartup.gov.au](http://www.gststartup.gov.au)

#### BAS Preparation

ATO: **Ph 13 24 78**

#### BAS Lodgement and Payment

ATO: **Ph 13 28 66**

Internet: [www.taxreform.ato.gov.au](http://www.taxreform.ato.gov.au)

#### Disclaimer

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