



**ULTIMATE**  
**TAX & ADVISORY**

# GST

## Factsheet

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# This factsheet is designed to help you know when to register for GST and the steps involved.

## What is GST?

Goods & Services Tax (GST) is a tax of 10% on most goods, services and other items sold or consumed in Australia. Some things don't have GST included, these are called GST-free sales.

If you meet the following criteria then you will need to register for GST. If you run a business or other enterprise and have:

- GST turnover of \$75,000 or more, or you expect to reach this within a year of trade
- GST turnover of \$150,000 or more for non-profit organisations
- Are in certain industries which must declare GST regardless of turnover such as taxi and ride share services.

## Working out your GST turnover

Your GST turnover is your total business income (not your profit) for the past 12 months, minus:

- GST included in sales to your customers
- Sales to associates that aren't for payment and aren't taxable
- Sales not connected with an enterprise you run
- Input-taxed sales you make
- Sales not connected with Australia.

## Registering for GST

Once you have determined if you need to register for GST, you need to do so within 21 days. While not every business or enterprise needs to be registered for GST, penalties may apply if you fail to register when required to do so.

Once you have an ABN, you can register for GST:

- Via the ATO's Online services for business
- By phoning the ATO on 13 28 66
- Through your registered tax agent or BAS agent (usually your accountant)

## When to charge GST (and when not to)

If you are registered for GST, or required to be, the goods and services you sell in Australia are taxable unless they are GST-free or input taxed.

Non-profit organisations may be entitled to concessions on some transactions.

To be a taxable sale with GST in the price, a sale must be for payment of some kind, made in the course of operating your business and connected with Australia.

Most basic foods, some education courses and some medical, health and care products and services are GST-free.



## Tax invoices

If you are charging GST, your invoices must declare that it is a 'tax invoice' not just an invoice and show the GST amount clearly.

Other information required to be included are:

- Seller details
- Seller ABN
- Date the invoice was issued
- Brief description of the items sold, including the quantity

## Accounting for GST in your business

As a GST-registered business, you need to issue tax invoices to your customers, collect GST and send it to the ATO with your business activity statement (BAS) each quarter. You will be able to claim the GST you have paid to other businesses.

You can utilise software such as Xero/Quickbooks/MYOB/etc to assist you in these calculations.

## Claiming GST credits

You can claim a credit for any GST included in the price of any goods and services you buy for your business. This is called a GST credit.

You can claim GST credits if:

- You intend to use your purchase solely or partly for your business, and the purchase does not relate to making input-taxed supplies
- The purchase price included GST
- You provide or are liable to provide payment for the item you purchased
- You have a tax invoice from your supplier

When claiming GST credits, make sure your suppliers are registered for GST and that the tax invoices contains GST. You can check the GST registration status of an entity by searching the ABN Lookup website. A four-year time limit applies for claiming GST credits.



## Lodging your BAS or annual GST return

You can report and pay GST amounts and claim GST credits by lodging a BAS or an annual GST return.

Your BAS is usually lodged quarterly, although it may be monthly or yearly based on your GST turnover and other requirements. The date for lodging and paying is shown on your activity statement. Please ensure to lodge and pay by the due date as penalties and interest charges can apply.



## If your business changes or ceases

You must cancel your GST registration if you close or sell your business.

You may need to cancel your GST registration if your business structure changes (such as, from a sole trader to a company) or if your GST turnover drops under \$75,000 and won't be going above again in future.

You can't operate on a GST-registered basis after the date you cancel your GST registration. You may also need to cancel your ABN.



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