

## TAX FACTS - GOODS AND SERVICES TAX (GST)

GST is a broad-based consumption tax aimed at end-consumers and collected at each stage of the supply chain. GST is collected by business on behalf of the Australian Taxation Office (ATO). The current GST rate in Australia is 10%.

Businesses that are registered for GST can claim credits for GST included in the price of goods and services they purchase for their business. Essentially, this allows businesses to offset the GST they pay on purchases against the GST they collect on sales. The net amount is then remitted to the ATO.

**1. Registering for GST:** If your business has an annual turnover of \$75,000 or more (or \$150,000 or more for non-profit organisations), you are required to register for GST. You can register for GST via:

- [online services for business on the ATO website](#),
- by phone (ph. 13 28 66),
- by completing the "Add a new business account" form (NAT 2954) using the ATO's [publication ordering service](#) or,
- by engaging the services of a registered tax agent.

**2. Charging GST:** GST is charged only on taxable supplies. Some supplies, such as exports and certain basic food items, education or medical supplies may be GST-free or input-taxed, and GST should not be charged on those.

**3. Reporting and paying GST:** The reporting periods for GST are called tax periods and can be quarterly or monthly, and in limited circumstances, annually. GST is reported and paid through your business activity statement (BAS). Failing to lodge your BAS and pay any outstanding GST amounts on time could result in penalties and interest charges.

**4. Claiming GST Credits:** For purchases more than \$82.50 (including GST), you must hold valid tax invoices to claim GST credits. A valid tax invoice must contain certain information such as the supplier's identity and ABN, the date the invoice was issued, a description of the items sold, the GST amount (if any) payable, among other things. For each business purchase you've made during the period, calculate the GST you paid and claim it back as GST credits in your BAS. GST is 1/11th of the total cost of GST-included purchases. A credit cannot be claimed for:

- \* Purchases where GST was not included in the price
- \* Purchases used to make input taxed supplies
- \* Purchases for the business' private use.

GST rules and regulations may vary for specific industries, the size of the business and the type of transactions, so it's essential to consult the ATO or a tax professional for specific guidance tailored to your business's needs.



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YOUR BUSINESS. OUR EXPERTISE