

GST PROCEDURES

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PROCEDURE NAME:	GST (Goods & Services Tax)
DATE APPROVED:	19 April 2011
PROCEDURE TYPE AND CATEGORY:	General (Resourcing and Finance)
RESPONSIBLE OFFICER:	Director Finance Systems and Processing
FIRST EFFECTIVE FROM:	20 May 2005

1.0 PURPOSE

The purpose of this procedure is to establish a framework in which staff can confidently apply the GST legislative requirements to University operations to ensure the University complies with its obligations arising from A New Tax System (Goods and Services Tax) Act 1999.

2.0 BACKGROUND

The Department of Treasury & Finance (DTF) has developed a Tax Compliance Framework as a means of managing and addressing the risks arising from tax compliance. A recent review of our level of tax compliance in comparison to the standards set by the DTF framework has identified the need for procedure development on the GST. The development of a GST procedure will establish a framework in which staff can effectively manage GST related risks.

3.0 DEFINITIONS

- **ABN** – Australian Business Number. An identifier for dealings with the ATO and for dealings with other government departments and agencies.
- **ACN** – Australian Company Number.
- **Adjustment Notes** - are documents issued by suppliers to a business when the amount paid for a taxable supply changes.
- **ATO** – Australian Taxation Office.
- **BAS** – Business Activity Statement. A single form to be lodged with the ATO to report the various University tax obligations including the GST that has been collected and paid.
- **Companies** - entities that have been incorporated pursuant to the Corporations Act 2001 (Cth) and have an ACN and ABN.
- **Customer** – a customer is an entity that the University conducts business with. (E.g. students)

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- **Enterprise** - a business and any other commercial activities but does not include hobbies, activities done as an employee, or activities of individuals or partnerships without a reasonable expectation of profit. It includes the activities of entities such as charities, deductible gift recipients, religious and government organisations, and certain non-profit organisations.
- **Entity** - an individual, a body corporate, a corporation, a partnership, any other unincorporated association or body of persons, a trust or a superannuation fund and any kind of legal person.
- **GST** – Goods and Services Tax. The GST is a broad-based consumption tax of 10% per cent on most supplies of goods and services consumed in Australia.
- **Input Tax Credits** - the GST included in the price paid for an acquisition. Includes the GST paid on an importation if it is for use in the University's business. Input Tax Credits cannot be claimed if the acquisition or importation relates to making an input taxed supply.
- **PAYG** – Pay As You Go (PAYG) withholding is the system whereby payers (e.g. the University) withhold amounts from payments to payees (e.g. businesses) and send the withheld amounts to the Tax Office.
- **Supplier** – an entity that is a seller of the goods or services etc.
- **Supply** – is a supply of goods and/or services; provision of advice or information; a grant, assignment or surrender of real property; a creation, grant, transfer, assignment or surrender of any right; a financial supply; an entry into or release from an obligation to do anything, to refrain from an act or to tolerate an act or situation.
 - **GST Free Supplies** – no GST is charged on the University's GST-free supplies, but the University is entitled to claim the input tax credits included in the price of the things acquired to make that GST free supply.
 - **Input Taxed Supplies** - GST is not charged on input taxed supplies, but neither is the University entitled to input tax credits for the GST included in the price paid for the things acquired to make the input taxed supply.
 - **Taxable Supplies** - the term is widely defined to include most supplies (goods, services and anything else) the University makes. Taxable Supplies are subject to 10% GST. A supply is not a taxable supply if it is GST-free or input taxed.
 - **Taxable Importations** - Goods imported into Australia are taxable importations, unless the goods are duty free, or would have been GST-free, or input taxed if they had been supplied.
- **Tax Invoice** - is a document containing information about a taxable supply. A document generally issued by the supplier. It shows the price of a supply, indicating whether it includes GST, and may show the amount of GST. It must also show other information, including the ABN of the supplier.
- **Tax Period** - the length of time for accounting for GST on the business activity statement (BAS). It may be quarterly or monthly. Victoria University operates on a monthly tax period for GST purposes.
- **Taxable** - subject to GST at a rate of 10% per cent.
- **University** – means Victoria University.

4.0 KEY WORDS

- ABN
- Contracts
- Finance One
- Goods
- GST
- Input Tax Credits
- Invoices
- PAYG
- Services
- Tax
- Taxable Supply

5.0 PROCEDURAL STATEMENT

The University must comply with its obligations arising from A New Tax System (Goods and Services Tax) Act 1999 and all associated ATO GST rulings. All staff involved in any University activities potentially affected by the GST legislation are required to familiarise themselves with the requirements of the GST and its effect on University operations as detailed in this procedure.

6.0 PROCEDURES

6.1 How Does The GST System Operate?

As the University is registered for GST, it is liable to collect GST at the rate of 10% on taxable supplies it makes to its customers. The University is also entitled to claim back a credit for the amount of GST paid providing it has obtained a valid 'tax invoice' ([Refer 6.7 Tax Invoices & Adjustment Notes](#)). GST paid is known as 'input tax credits'. The University effectively acts as a collector of the GST and the ultimate burden for GST falls on the private consumer of goods and services.

The University is required to report to the ATO the total GST collected and input tax credits claimed for each tax period via the lodgment of a monthly Business Activity Statement (BAS). The accounting method used to account for the GST is the accrual method. This means that GST is payable at the time a tax invoice is sent to University customers and input tax credits are claimable when a tax invoice is received from the University's suppliers.

The University must pay to the ATO the net amount of GST collected on taxable supplies minus the amount of input tax credits paid on its business purchases. If the input tax credits for a tax period exceed the GST collected, the University will be owed a GST refund.

6.2 Types of GST Supplies

The GST legislation lists three types of GST supplies;

1. Taxable Supplies (Refer [6.3](#));
2. GST-Free Supplies (Refer [6.4](#));
3. Input-taxed Supplies (Refer [6.5](#))

The following table summarises the GST treatment of each type of GST supply:

UNIVERSITY SUPPLY →	TAXABLE	GST FREE	INPUT TAXED
Collect 10% GST on University Supply?	YES	NO	NO
Able to claim GST paid on acquisitions relating to making that supply	YES	YES	NO

6.3 Taxable Supplies

Procedure: *Receipts that are Taxable Supplies use **GST code C**.*
 *Expenses that are Taxable Supplies use **GST code C**.*

If a supply is a Taxable Supply, the supplier will charge 10% GST on the supply made. The supplier is also entitled to claim input tax credits for the GST payable on the business purchases related to making the Taxable Supply. A Taxable Supply is not limited to a sale, and covers a very wide range of transactions. An entity only makes a taxable supply if **all** of the following criteria, known as the "**Basic GST rules**", are satisfied:

- there must be a **supply** (refer [6.3.1](#));
- the supply must be made for **consideration** (refer [6.3.2](#));

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- the supply must be made in connection with an **enterprise** (refer [3.0](#)) carried on by the supplier;
- supply must be **connected with Australia** (refer [6.3.3](#));
- the supplier must be registered or be required to be **registered for GST** (refer [6.3.4](#)); and
- the supply must **not be GST-Free** (refer [6.4](#)) or **Input Taxed** (refer [6.5](#)).

6.3.1 A **supply** is any form of supply whatsoever and includes:

- supplying goods (this means any form of tangible personal property);
- supplying services;
- providing advice or information, i.e. consultancy;
- granting, assigning or surrendering real property;
- creating, granting, transferring, assigning or surrendering any right;
- a financial supply;
- an entry into, or release from, an obligation:
 - a. to do anything; or
 - b. to refrain from an act; or
 - c. to tolerate an act or situation.

6.3.2 Consideration

Consideration means, in effect, just about anything of value that can be exchanged for a supply of goods and services. It can be cash or non-cash. In the straightforward example of a sale of goods for money, the consideration is simply the payment. Consideration also includes situations where you do something or refrain from doing something (e.g.: In-kind arrangements).

6.3.3 Connected with Australia

A connection with Australia is established where:

Goods are:	<ul style="list-style-type: none"> ➤ delivered in Australia; ➤ made available in Australia; ➤ removed from Australia; ➤ imported into Australia; or ➤ installed, or assembled in Australia.
Real property (including buildings or the land to which the real property relates) is:	<ul style="list-style-type: none"> ➤ in Australia.
A supply of things <i>other than goods or real property</i> occurs (e.g. services) and:	<ul style="list-style-type: none"> ➤ the thing is done in Australia; or ➤ supplied through an enterprise the supplier carries on in Australia.

For more information please see the GST Ruling [GSTR 2000/31 "Supplies connected with Australia"](#).

6.3.4 GST Registration & Australian Business Number (ABN)

Entities carrying on an enterprise must register for GST if their annual turnover is at or above the registration turnover threshold of \$75,000 (\$150,000 or more if they are a non-profit organisation). Entities carrying on an enterprise with an annual turnover below the relevant threshold may choose to register for GST. GST Registration is important for a number of reasons, namely:

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- Input tax credits (i.e. GST paid) can only be claimed if the purchaser is registered; and
- GST can only be charged on a sale or supply if the supplier is registered, except in the case of imports.

The ABN is a single, unique business identifier to be used for the GST and various other tax-related purposes. For the GST system, the ABN also acts as the University's GST registration number.

Under the new PAYG withholding system, if a supplier does not quote an ABN on invoices to the University, the University is required to withhold tax at the top marginal rate plus Medicare Levy, (i.e. 46.5% from their payment). Refer Finance Department Procedure FPr02 [PAYG No ABN Withholding Tax](#) for further information. The 46.5% ABN withholding requirement is waived if the University is satisfied that the supplier does not require an ABN. In these circumstances the supplier will need to provide a completed "**Statement by Supplier**" form that states they are not required to quote an ABN. The form can be obtained at http://intranet.vu.edu.au/finance/pdf_files/Forms/StatementbySupplier.pdf

An entity's ABN, its GST registration status, the type of entity and the legal name can be verified through the Australian Business Registry website:
<http://www.business.gov.au/Business+Entry+Point/>

Victoria University and two other associated entities have been separately registered for an ABN and GST since 1 July 2000. The registration details are:

- Victoria University (ABN 83 776 954 731)
- Victoria University Student Union (ABN 63 161 502 854)
- Victoria University Foundation (ABN 69 012 680 193)

Victoria University and the Victoria University Student Union have been grouped for GST purposes. Any transactions between the University and the Student Union will be deemed to be an internal transaction and will not be subject to GST.

Any University transactions with the Victoria University Foundation will be treated as though dealing with an external party and will be subject to GST.

Other entities within Victoria University such as clubs and societies have all registered for an ABN, however they are not registered for GST purposes due to their low turnover. As such, these entities will not be charging GST on any sales or services they may provide and cannot claim any input tax credits for GST paid.

6.4 GST Free Supplies

Procedure: Receipts (excluding exported goods) that are GST Free Supplies use **GST code F**
Receipts arising from exports of goods that are GST Free Supplies use **GST code E**
Expenses that are GST Free Supplies use **GST code Z**.

If a supply is GST-free, the supplier cannot charge GST on the supply, but the supplier is entitled to claim input tax credits for the GST payable on its business purchases related to making the GST free supply.

The main categories of GST-free supplies include:

- | | |
|---|---|
| <ul style="list-style-type: none">➤ Education (Refer 6.9.1);➤ Health and medical care;➤ Food;➤ Child care;➤ A supply by a charity (e.g. a University) provided at less than 50% of market value, or less than 75% of cost incurred in providing the supply; | <ul style="list-style-type: none">➤ Exports (Refer 6.9.4);➤ International travel;➤ International mail;➤ Sale of a business (Refer 6.9.12);➤ Crown or Farm land;➤ Supplies through inwards duty free shops; |
|---|---|

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<ul style="list-style-type: none"> ➤ Cars for disabled people; ➤ Certain activities of charities and gift-deductible bodies; 	<ul style="list-style-type: none"> ➤ Water, sewerage and drainage; ➤ Certain supplies under contracts made before 8 July 1999.
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6.5 Input Taxed Supplies

Procedure: *Receipts that are Input Taxed Supplies use **GST code I.***
*Expenses that are Input Taxed Supplies use **GST code I.***

If a supply is "input taxed", the supplier cannot charge GST on the supply, and the supplier normally cannot claim input tax credits for the GST Payable on business purchases that relate to that supply.

The main categories of input taxed supplies include:

<ul style="list-style-type: none"> ➤ Financial supplies such as loans, dealings in money and issuing securities; ➤ Low value supplies from certain coin-operated vending machines; ➤ Certain fund-raising activities of charities; 	<ul style="list-style-type: none"> ➤ Sale of residential premises; ➤ Residential rent (including student accommodation), unless the charge is less than 75% of GST inclusive market value, or less than 75% of the cost incurred in providing the accommodation, in which case the supply will be GST free.
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6.6 GST Codes Used In Finance One

The following table lists the GST codes used when processing transactions in Finance One:

GST Code	Type of GST Supply	Description of Transaction	Rate of GST
C	Taxable	University Supply or Acquisition with 10% GST. A valid tax invoice is held for purchases. Refer 6.3 Taxable Supplies.	10%
F	GST Free - Receipt	University GST free income - i.e. Receivable. Refer 6.4 GST Free Supplies.	0%
Z	GST Free - Expense	University GST free expenditure – i.e. Payable. Refer 6.4 GST Free Supplies.	0%
I	Input Taxed	Refer 6.5 Input Taxed Supplies	0%
E	Export of Goods	An export of University goods. Refer 6.9.4 Exports For an export of services use GST code F	0%
NA	GST Not Applicable	Supplier has no ABN; or No valid tax invoice currently held; or Transaction outside the scope of the GST e.g. an appropriation (Refer 6.9.3 Appropriations) or a security deposit (Refer 6.9.8 Security Deposits).	0%
P	Private Acquisition	Non business related acquisition; or Non-deductible expenses e.g. 50% of meal entertainment. (Refer 6.9.11 Non-Deductible Exp's)	0%
G	GST amount only	Only to be used by finance where <u>GST component</u> is invoiced separately or greater than 1/11 th .	-

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The amount of GST paid will not be reflected in a department's expenditure providing a valid tax invoice has been obtained. If no tax invoice is held, the **GST code NA** must be used and the GST will be added to the expense charged to that department's cost centre.

6.6.1 Processing Invoices when GST is not Exactly 1/11th of the GST Inclusive Price

When GST applies to the total amount payable, GST is 1/11th of the price and the **GST code C** must be used. Where the GST is not exactly 1/11th of the GST inclusive price, the transactions must be processed as follows:

Example - GST is less than 1/11th of the GST Inclusive Price

Purchase Price	100
GST	<u>2</u>
Total	<u>102</u>

The \$102 cannot be processed with a rate code of C as this will lead to a GST calculation of \$9.27, as compared to the actual GST of \$2. In this example the purchase order or invoice must be entered as follows:

	<u>Code</u>	<u>Account Code</u>
Purchase Price – (Taxable) 22	C	Department Cost Centre
Purchase Price – (GST Free) 80	Z	Department Cost Centre

The \$22 with GST code C is calculated by multiplying the GST amount by 11. (i.e. \$2 x 11 = \$22). The balance is GST Free and entered using GST code Z. (i.e. \$102 - \$22 = \$80)

6.7 Tax Invoices and Adjustment Notes

6.7.1 Tax Invoices

A tax invoice is evidence that a supplier has charged a customer GST. A valid tax invoice is required to claim the input tax credit on a business purchase unless the value of the taxable supply is \$75 or less (excluding GST). If a supplier does not issue a tax invoice in relation to a taxable supply, the customer may request a tax invoice from the supplier. The supplier must provide the tax invoice within 28 days of this request.

If no valid tax invoice is received, the GST cannot be claimed and the amount of GST will be charged to the department's cost centre. If a valid tax invoice is received at a later date the GST can be claimed at that time.

6.7.2 Victoria University Providing Taxable Supplies

Victoria University is responsible for issuing a compliant tax invoice when providing taxable supplies above \$75 (excluding GST). The University will either produce a valid tax invoice via the Debtors system, or provide a receipt, which satisfies the requirements of a tax invoice and confirms receipt of payment in the same instance.

6.7.3 Victoria University Purchasing/Acquiring Goods and Services

All staff must request a valid tax invoice be provided for all University related purchases or expenses intended to be reimbursed. Purchase orders and contract documents etc should include statements requesting suppliers to provide valid tax invoices. If no valid tax invoice is received, the University cannot claim the input tax credit until a valid tax invoice is received. If a valid tax invoice is obtained in a later tax period, the input tax credit can be claimed in that period. Where the GST exclusive value of the purchase is less than \$75, some form of evidence is still required to substantiate the transaction and input tax credits being claimed. (e.g. a receipt.)

Staff approving invoices for payment should ensure that the invoices comply with the valid Tax Invoice requirements detailed below. Obtaining a facsimile copy of a valid tax invoice is sufficient provided it is marked with the word "copy".

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6.7.4 Required Content of a Valid Tax Invoice

The required contents of a valid tax invoice vary depending on:

- the amount of the taxable supply (i.e. supplies of \$1,000 or more vs. less than \$1,000);
- the amount of GST payable (i.e. exactly 1/11th of the total price); and
- if a mixture of taxable and non-taxable supplies are on one invoice.

REQUIRED CONTENT OF A VALID TAX INVOICE	TAX INVOICE (less than \$1000 incl. GST)	TAX INVOICE (more than \$1000 incl. GST)
<i>'Tax Invoice' stated prominently</i>	X	X
<i>Date of issue</i>	X	X
<i>Name of supplier</i>	X	X
<i>ABN of supplier</i>	X	X
<i>Name of recipient</i> <ul style="list-style-type: none"> • "Victoria University" NOT a department name; or either • Employee name 		X
<i>Address or ABN of recipient</i> <ul style="list-style-type: none"> • University's postal or full physical campus address or employee's address, NOT campus name only • ABN of University: 83 776 954 731 		X
<i>Brief description of each thing supplied</i>	X	X
<i>For each description the quantity of the goods or the extent of the services supplied</i>		X
<i>The GST-inclusive price of the taxable supply</i>	X	X
<i>If GST payable = 1/11th of total price, either:</i> <ul style="list-style-type: none"> a) a statement like 'the total price includes GST', or b) the total amount of GST 	X	X
<i>If GST payable is less than 1/11th of total price,</i> <ul style="list-style-type: none"> a) the amount payable (excl. GST) and b) the total amount of GST 	X	X
ADDITIONAL REQUIREMENTS FOR TAX INVOICES THAT INCLUDE A MIXTURE OF TAXABLE & NON TAXABLE SUPPLIES (i.e. Taxable, GST Free and Input Taxed)		
<i>Clearly identify each taxable supply;</i>	X	X
<i>Show the total amount of GST payable; and</i>	X	X
<i>Show the total amount payable.</i>	X	X

For more information refer to GST Ruling [GSTR 2000/17 "Tax Invoices"](#) and [Appendix 13.2](#).

6.7.5 Adjustment Notes

An adjustment event occurs where a business has, in a previous tax period, accounted for GST on the supply or claimed an input tax credit in respect of a supply and in a subsequent tax period an event occurs which changes the amount of GST attributable to the original supply. Examples of adjustment events are:

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- the return to a supplier of a good, or part of a good;
- a discount being given on an original price;
- the receipt of a rebate.

An adjustment note is a document that details the changes to consideration for a supply and is generally issued by the supplier. There is no requirement to issue an adjustment note if the amount of the adjustment is \$75 or less.

If an adjustment event occurs in the same tax period as an original supply, an adjustment note is not required.

Adjustments are either *increasing* or *decreasing* in terms of net GST payable to the ATO.

Increasing adjustments are where the adjustment event results in an increase in the amount of GST collected or a decrease in input tax credits to be claimed. An adjustment note does not have to be held by the University when accounting for an increasing adjustment.

Decreasing adjustments are where the event results in a reduction of GST collected or an increase in input tax credits to be claimed. The University must hold an adjustment note at the time of lodging the BAS in which the adjustment is claimed.

A supplier must issue an adjustment note within 28 days after a recipient request. Even where no request is made, the supplier must issue an adjustment note within 28 days of becoming aware of the adjustment provided a tax invoice was issued in relation to the original supply.

6.7.6 Required Content of an Adjustment Note

The required contents of an **adjustment note** is the same as the requirements of a tax invoice, with the following differences:

- The words "*Adjustment Note*" stated prominently. The words "*credit*" or "*debit*" may also be included.
- Show the difference between the old and the new price. In the case of a full refund this will be the whole amount of the price.
- Provide a brief reason explaining the adjustment. e.g. "discount" or "return of goods". Readily identifiable codes can also be used e.g. "REF" for refund.
- Show the amount of the adjustment to the GST payable, or a statement to the effect that the difference in the price of taxable supply includes GST.

6.7.7 Combined Adjustment Note and Tax Invoice

A single document may serve as both a tax invoice and an adjustment note if it satisfies the requirements for both tax invoices and adjustment notes. For example:

- a tax invoice that shows the terms of a settlement or prompt payment discount, may also be an adjustment note;
- a summary statement may be both a tax invoice and an adjustment note; and
- an adjustment note may be combined with a subsequent tax invoice.

6.7.8 Electronic Tax Invoices & Adjustment Notes

A tax invoice or adjustment note may be in electronic form, provided that it contains the required information. The Tax Office says that it is not necessary to store an image of the original tax invoice or adjustment note, only the data necessary to reconstruct it.

6.7.9 Recipient Created Tax Invoices (RCTI)

A recipient created tax invoice (RCTI) is a tax invoice issued by the recipient of a supply instead of the supplier. These tax invoices are issued when the recipient determines the value of the goods or services, rather than the supplier.

An example of when RCTI's are used in a University context is when the University receives a grant from a government department. In this situation the University receives consideration (i.e. grant funds) and it is the supplier for GST purposes. It is the University's responsibility to collect GST on the grant funds, if any, and issue a tax invoice to the government department. It is common practice for the government department to issue an invoice themselves when providing the grant funding, this is known as an RCTI.

The content requirements for RCTI's are essentially the same as for tax invoices for an amount of \$1,000 or more but with the following differences:

- the words "recipient created tax invoice" must be shown prominently on the document instead of "tax invoice"; and
- the ABN of the supplier must be shown in addition to the ABN of the issuer of the document.

The Commissioner of Taxation has authorised in GST ruling [GSTR 2000/10 "Recipient Created Tax Invoices"](#) the use of RCTI's for three general situations. They are as follows:

1. Tax invoices for taxable supplies of agricultural products made to registered recipients who determine the value of the products after a qualitative or quantitative analysis;
2. Tax invoices for taxable supplies made to registered government related entities such as a department, branch or other approved body;
3. Tax invoices for taxable supplies made to registered recipients that have an annual turnover of at least \$20 million.

Tax invoices, which come within any of these three classes, can be issued by recipients of the supply without notifying or applying to the Commissioner.

Any "Recipient Created Tax Invoices" received by University staff should be identified and coded to the relevant cost centre and natural account, and the original RCTI forwarded to the Taxation Accountant for verification.

Additional requirements of the Ruling are:

1. The recipient and the University must be registered for GST when the invoice is issued and the RCTI must show the ABN of the supplier;
2. The recipient must issue the original or a copy of the RCTI to the University within 28 days of the making, or determining the value, of the taxable supply and must retain the original or a copy;
3. The recipient must issue the original or a copy of an adjustment note to the University within 28 days of the adjustment and must retain the original or a copy;
4. The recipient must reasonably comply with its obligations under the taxation laws;
5. The recipient and the University must have a written agreement specifying the supplies to which it relates; that is current and effective when the RCTI is issued, agreeing that;
 - i. The recipient can issue tax invoices in respect of the supplies;
 - ii. The University will not issue tax invoices in respect of the supplies;
 - iii. The recipient acknowledges that it is registered for GST when it enters into the agreement and that it will notify the University if it ceases to be registered;

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- iv. The University acknowledges that it is registered for GST when it enters into the agreement and that it will notify the recipient if it ceases to be registered; and
6. The recipient must not issue a document that would otherwise be a RCTI, on or after the date when the University or the recipient has failed to comply with any of the requirements of the determination.

An invoice issued by a recipient who fails to satisfy all of the requirements will not be treated as a tax invoice and an input tax credit for the supply cannot be attributed to a tax period until a valid tax invoice is issued. In addition, penalties may apply if any false statement is made in the invoice.

6.8 Correction to GST Mistakes

Procedure: *GST mistakes that must be brought to the attention of the taxation accountant:*

- *Mistakes with a GST value greater than \$1,000; or*
- *GST mistakes relating to an earlier tax period greater than 3 months.*

GST mistakes less than \$1,000 and less than 3 months old can be corrected via journal adjustment without notifying the taxation accountant.

Corrections for GST mistakes may need to be made where staff have:

- made clerical mistakes, for example, double counted some creditable purchases or did not include some taxable sales;
- incorrectly recorded a taxable sale as GST-free on an earlier activity statement; or
- mistakenly classified taxable sales as GST-free.

There are circumstances where the ATO will allow the University to make corrections of GST mistakes on a later BAS, rather than amending the previous BAS for tax period in which the mistake arose. GST mistakes generally fall within four categories:

1. corrections that increase input tax credits;
2. corrections that decrease GST payable (i.e. GST collected);
3. corrections that decrease input tax credits; and
4. corrections that increase GST payable.

Category 1 and 2 mistakes can be corrected on any BAS subject to a **correction** limit.

Category 3 and 4 mistakes can be corrected on any BAS subject to both a **time** and **correction** limit.

Where input tax credits could have been claimed on an earlier BAS but were not for whatever reason there are no time or correction limits provided a tax invoice is held.

Time Limits

As the University's annual turnover is over \$20m, it has only 3 months from the tax period in which the mistake was made to make corrections for category 3 and 4 mistakes. Where a mistake is made and it is outside these time limits, then the University will be required to revise the original BAS for the period in which the mistake occurred.

Correction Limits

To determine whether a correction is within the correction limits, it is necessary to calculate the "net effect", or total GST effect, of all relevant errors. The correction limits do not apply on a 'per BAS' or 'per mistake' basis (see example below). The following table shows the relevant correction limits.

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Annual Turnover	Correction Limit
Less than \$20m	\$5,000
\$20m to less than \$100m	\$10,000
\$100m to less than \$500m	\$25,000
\$500m to less than \$1bn	\$50,000
\$1bn and over	\$300,000

As the University has an annual turnover over \$100 million, but less than \$500 million, its net correction limit is \$25,000. For example, there may be four separate errors, each resulting in an underpayment of GST of \$8,000. While each of these errors are individually within the relevant correction limit of \$25,000, it is necessary to calculate the "net effect" of all relevant errors, which in this case would be \$32,000 (ie. 4 x \$8,000). Therefore in this example the University has exceeded the correction limit of \$25,000 and would be required to revise previous BAS(s) submitted.

For further information please refer to ATO Fact Sheet "Correcting GST Mistakes" at <https://www.ato.gov.au/Business/GST/In-detail/Managing-GST-in-your-business/Reporting,-paying-and-activity-statements/Correcting-GST-errors/>

6.9 GST Status of Specific Transactions

6.9.1 Education

The Education Industry and its activities have not been classified as exempt from GST, although there are some concessions. Each type of education activity needs to be looked at separately:

- Education Courses (refer 6.9.1.1)
- Administrative Services (6.9.1.2)
- Course Materials (6.9.1.3)
- Excursions and Field Trips (6.9.1.4)
- Lease or Hire of Curriculum Related Goods (6.9.1.5)
- Student Accommodation (6.9.1.6).

The ATO has issued a GST Ruling specifically addressing Tertiary Education and GST. For more information please refer to GST Ruling [GSTR 2001/1 "Supplies that are GST Free for tertiary education courses"](#) and its associated Addendum [GSTR 2001/1A](#).

Refer to [Appendix 13.1](#) for a list of the general GST status of various educational services.

6.9.1.1 Education Courses

The supply of an education course is GST-Free. The courses supplied by the University that fall into this category are:

- Secondary and Tertiary Courses (refer 6.9.1.1.1)
- Masters or Doctoral Courses (6.9.1.1.2)
- Adult and Community Education Courses (6.9.1.1.3)
- English Language Courses (6.9.1.1.4)
- Special Education Course (6.9.1.1.5)
- First Aid and Life Saving Courses (6.9.1.1.6)
- Tertiary Residential College Courses (6.9.1.1.7)
- Professional or Trade Qualification Courses (6.9.1.1.8).

It is important to note that some short courses run by the University may not fall into the above categories and may be subject to GST. For example, a course run for an external body that is not an accredited course. If you are not sure about any of your short courses, please contact the Taxation Accountant.

The Tax Office considers that the GST-Free supply of the course includes the provision of:

- Tuition;
- Facilities; and
- Curriculum-related activities and instruction.

In the case of tertiary bodies such as Victoria University, "facilities" include buildings, libraries, sports grounds, computer and science laboratories, and course related access to the Internet.

"Curriculum-related" activities include visits to the University by organisations such as theatre companies, and science fairs. "Curriculum-related" instruction includes remedial or advance teaching or instruction by external tutors engaged by the University.

Note: Recreation, leisure and personal enrichment courses run on a non-award basis are not treated as education courses and are not GST-Free.

6.9.1.1.1 Secondary & Tertiary Courses

These are the same courses that entitle students to student assistance under social security legislation. This category of GST-Free courses includes accredited secondary courses, school based apprenticeship or traineeship courses, English as a second language (ESL), pre-vocational courses, remedial education or courses that aim to achieve basic skills to prepare students for further education, approved vocational, educational and training programs, TAFE courses, opening learning courses, and higher education courses such as bachelor degrees, postgraduate diplomas, graduate degrees and masters qualifying courses. **Hobby courses are excluded from the above categories and are subject to GST.**

Single Units of Tertiary Courses

If one unit of an approved tertiary course is supplied, and the recipient is enrolled in that unit, the supply of the unit is GST-Free. If the unit is not from an approved course, it is taxable, unless it is exempted on some other basis. If a course consists partly of accredited units and partly of non-accredited units, GST should be apportioned accordingly.

6.9.1.1.2 Masters or Doctoral Courses

A course of study or instruction accredited at Masters or Doctoral level and supplied by a higher education institution or a non-government higher education institution are GST-Free.

Please refer to GST Ruling [GSTR 2001/1 "Supplies that are GST Free for tertiary education courses"](#) for more information.

6.9.1.1.3 Adult and Community Education Courses

Adult and Community Education (ACE) courses provided by the University are GST-Free, provided that they are likely to add to the employment-related skills of people undertaking the course.

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The courses must be available to adults in the general community. They do not include courses provided or arranged by the University for its employees, unless that course is open to the general community.

The Tax Office considers that a course meets the requirement that it be likely to add to employment-related skills if, on an objective basis:

- it is directed at people who want to add to their employment-related skills;
- the skills and the means of imparting them are clearly identified; and
- there is a reasonable expectation that the skills will be used in a work environment, rather than for recreational, hobby, artistic or cultural purposes.

The Tax Office will also take into account how the course is marketed, whether it is similar to accredited vocational education and training programs, and whether it is likely to help people develop skills that might either assist them in their current employment or enable them to find employment. The skills would include basic literacy and numeric skills, as well as new skills and the development of existing skills. Courses in preparing for work, computer skills and job seeking would be eligible.

The Tax Office considers that recreational courses such as belly dancing, cooking, picture framing, environmental issues or financial planning would not be eligible unless they were promoted, targeted and structured for people already working or wishing to obtain work in those areas.

For more information please refer to GST ruling [GSTR 2000/27 "Adult and Community Education Courses"](#).

6.9.1.1.4 English Language Courses

Accredited education courses for overseas students, which include education in the English language are GST-Free. The current ATO view is that overseas students must have entered Australia on a student visa for the course to be GST-Free. Refer [ATO Interpretive decision ID 2004/853](#).

6.9.1.1.5 Special Education Courses

A special education course is GST Free and is a course of education that provides special programs designed specifically for children and/or students with disabilities.

6.9.1.1.6 First Aid and Life Saving Courses

These are GST free and are courses of study or instruction that principally involve:

- First aid, resuscitation or similar life saving skills, including personal aquatic survival skills (but not swimming lessons);
- Surf life saving; and
- Aero-medical rescue.

In each case, a government-approved body must conduct the course.

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6.9.1.1.7 Tertiary Residential College Courses

A course supplied in connection with a tertiary course or a Master or Doctoral course at premises that are used to provide accommodation to students undertaking tertiary courses or Masters or Doctoral Courses are GST-Free.

Please refer to GST Ruling [GSTR 2001/1 "Supplies that are GST Free for tertiary education courses"](#) for more information.

6.9.1.1.8 Professional or Trade Qualification Courses

Courses leading to qualifications that are "essential prerequisites" for entering into or commencing the practice of a particular profession or trade in Australia are GST free.

To be an "essential prerequisite" of a profession or trade, the qualification must be imposed by:

- a) an Australian law or award, order, determination or industrial agreement; or
- b) a professional or trade association that has uniform national requirements for entry or commencing practice into that profession or trade.

If neither (a) nor (b) applies but there is a professional or trade association in a State or Territory that has requirements for entering into or commencing the practice of a particular profession or trade concerned by that association, the course will also be GST free.

A distinction is to be made between courses undertaken to obtain qualifications and courses undertaken to maintain them. Courses to maintain qualifications – such as undertaking continuing professional development (CPD) to retain membership of a professional body are taxable. Therefore CPD seminars are taxable.

Please refer to GST Ruling [GSTR 2003/1 "Supplies that are GST-free as professional or trade courses"](#) for more information.

6.9.1.2 Administrative Services

Charges by the University for administrative services that are directly related to a GST-Free course are themselves GST-Free. This would include: (this list is not exhaustive)

- enrolment processing;
- issue of identity cards;
- assessment of students;
- processing of academic results;
- record keeping;
- library fees for lost, damaged or late books, (NOTE: fines equivalent to the price of a book are considered taxable)

Placement, Waiting List and Withdrawal Fees

Fees charged for confirming a student's place at the University are GST-Free. However, if payment of the fee does not guarantee entry (e.g. a waiting list fee), the Tax Office considers that the fee will be subject to GST.

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If a student withdraws from a course and forfeits part of the tuition fees, the amount forfeited remains GST-Free.

General Service Fee (GSF) & Building Levy (BL)

The University has obtained an ATO private ruling on the General Service Fee (GSF) and the Building Levy (BL) charged to students. These charges are considered part of the supply of facilities that are required for the delivery of an education course and are GST Free.

Student Organisations

Fees paid for membership of a student organisation are not treated as part of an education course and are taxable. Student organisations include student unions, student representative councils and sports associations.

6.9.1.3 Course Materials

Certain course materials provided for a subject in an education course are GST-Free.

The materials must be provided by the University (not a third party, unless an agency agreement exists), and must be "necessarily consumed or transformed" by the students. The Tax Office considers that the following are course materials and are GST free when supplied by the University or its agent:

- photocopied or printed educational materials that specifically relate to the course;
- course notes for a particular course;
- unexposed film and developing chemicals;
- art supplies;
- chemicals used in a chemistry lesson or wood used in wood working class;
- work books that provide space for students to complete exercises, etc; and
- consumable stationery items prescribed as necessary to the course.

Other goods which are sold

Goods other than course materials that are sold by the University are taxable. This applies, for example where lab coats, protective glasses, sports clothes, musical instruments, equipment or textbooks are sold to students.

6.9.1.4 Excursions and Field Trips

An excursion or field trip is eligible for GST-Free status if it:

- a) is directly related to the curriculum of an education course; and
- b) is not predominantly recreational; and
- c) is not a supply of food and/or accommodation.

If the University pays a third party to provide all or part of an eligible GST free trip, the provision of those services to the University will be subject to GST and the University can claim an input tax credit for the GST component. The subsequent provision of the trip to the students by the University will remain GST-Free. However, if the students pay the third party direct, without the interposition of the University, the trip will be subject to GST for the students.

In deciding whether it is predominantly recreational, you should take into account the proportion of the trip spent on recreational activities, in terms of both time and money. 'Predominantly' is not defined in the GST legislation and takes on its ordinary meaning.

Example 1 - Predominantly recreational & subject to GST

Students who are studying automotive mechanics at Victoria University go on an excursion to a car-racing event. The students are charged \$60 each to cover the cost of the excursion. On their arrival at the race venue the students spend an hour in the pits with the pit crews observing and learning about techniques that are used on high performance vehicles. They spend the next four hours watching the car racing before returning to Victoria University. As this trip is predominantly recreational, Victoria University is required to account for GST on the supply of the trip.

Accommodation and Food

The accommodation component is not GST-Free. Whether food provided as part of the excursion is GST-Free depends on the normal food rules as set out in section 38-2 of the GST Act. For example, if the food were provided at eat-in facilities, it would be subject to GST [under Section 38-3](#).

6.9.1.5 Lease or Hire of Curriculum Related Goods

The lease or hire of curriculum-related goods to tertiary students is taxable.

6.9.1.6 Student Accommodation

Accommodation provided to tertiary students at University halls or colleges is treated as non-commercial residential accommodation and is input taxed (Refer [6.5 Input Taxed Supplies](#)). Therefore no input tax credits can be claimed on acquisitions relating to providing student accommodation.

There is an exception to the above rule because the University is a charity for tax purposes. Student accommodation will be GST free where the rent charged is:

- a) less than 75% of market value of the rent; or
- b) less than 75% of the total costs incurred in providing the accommodation.

In order to utilise this GST free treatment, the relevant department responsible for setting student rental fees must monitor its pricing structure and costs (if applicable) to ensure the relevant limit is not breached. The rent charged should be reviewed on annual basis in light of the 75% threshold.

6.9.2 Grants & Donations

Grants by definition are subject to GST. However, Universities use the term "grant" loosely, whereas the ATO relies on a very tight definition of the word. This can create some confusion in the University context. Some Grants are Appropriations ([Refer 6.9.3 Appropriations](#)) and not subject to GST, and vice versa.

6.9.2.1 Grants (General)

Grants or subsidies paid to the University without any strings or conditions are not subject to GST.

However, if a grant is paid to the University for a specific purpose or is subject to conditions GST will apply.

The existence of a contract, agreement or a memorandum of understanding often indicates that a grant is subject to GST. Each and every grant needs to be reviewed on its own merits to ascertain whether it is subject to GST or not.

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Note: GST will not apply if the only condition imposed is purely peripheral to the grant. For example, a grant may simply be conditional on the University providing information on how the grant is being spent. The Tax Office considers that this does not necessarily mean that the grant is consideration for the information unless the grantor gets some benefit from the information, or the grant is made for the specific purpose of getting that information. Such grant conditions need to be reviewed to ascertain whether GST applies.

For more information please refer to GST Ruling [GSTR 2012/2 "Financial Assistance Payments"](#)

6.9.2.2 Donations

A donation in the form of a payment, in cash or in kind, that is made unconditionally, is not subject to GST. This is because no benefits or rights flow back to the donor as a result of the payment and the recipient does not have to use the donation for a particular purpose.

When conditions are placed on a donation the GST status of the donation will depend on whether the conditions provide a 'material advantage' to the donor.

What qualifies as being a condition on a donation?

A 'condition' has a broad meaning. As little as a requirement to account for the use of the money donated is sufficient to satisfy the meaning of a 'condition'. A condition placed on a donation need not be commercially significant in order for GST implications to apply. However, conditional donations will only be subject to the GST if they confer a 'material advantage' to the donor.

A 'material advantage' is not specifically defined in the GST legislation. However, from the guidance provided in GSTR 2000/11, conditions such as an obligation to simply account for use of money donated, or provide accounting or reporting information on how the donation was expended, are examples of supplies which provide no material advantage to the donor.

What happens where conditional donations contain a 'Material Advantage'?

If conditional donations contain a 'material advantage' GST will be payable. In the case of cash donations GST will be payable by VU. Therefore 1/11th of the funds received will need to be paid to the Tax Office.

If a non-cash donation is made by a donor and VU has provided consideration in return for the non-cash item (i.e. conditions they must fulfill), GST will be payable by both the donor and donee equal to 1/11 of the value of the non-cash donation.

6.9.2.3 Foreign Grants

The GST legislation is not intended to discourage overseas funding of research. Broadly speaking, provided certain conditions are met, goods that are exported, or supplies of services or things other than goods or real property, that are for consumption outside Australia are GST-free.

[GSTR 2012/2 "Financial Assistance Payments"](#) should be read in conjunction with GST Ruling [GSTR 2000/31 "Supplies connected with Australia"](#).

Each grant or contract will have to be considered with regard to its facts and circumstances.

6.9.3 Appropriations

An Appropriation is an allocation of money made for a specific purpose under a statute of the Commonwealth, a State or a Territory or by delegated legislation.

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Under GST legislation, a payment made by a government related entity to another government related entity is not consideration if the payment is "specifically covered by an appropriation" under an Australian law. Therefore, such appropriations are not a taxable supply. The result is that funding appropriated in the Commonwealth and State budgets to agencies in the government sector is outside the scope of the GST legislation. These amounts should be processed in Finance One using **GST code NA**.

An appropriation payment, which is not subject to GST, has the following key characteristics:

- a) the payment is made by a government related entity to another government related entity; and**
- b) the payment has to be "specifically covered by an appropriation";**

GST ruling GSTR 2004/5 considers that a payment "specifically covered by an appropriation" is an allocation of monies by a statute or by delegated legislation to allow a particular government related entity to meet its expenditure.

A payment will be "specifically covered by an appropriation" if it is specified in the wording of the relevant Australian law or if the relevant Australian law together with relevant supporting documents show the payment is "specifically covered by the appropriation".

To be specified in the relevant Australian law the following must be specified in an Appropriation Act:

- the purpose of the payment;
- the amount of the payment; and
- the relevant government related entities.

In practice, the specific purpose, the payment amount, and the government related entities to which payments will be made, will not always be specified by the Appropriation Act. In many cases, the purpose will be specified in very general terms in the Appropriation Act, but explained further in supporting documents. For this reason, the ATO considers that a payment will be "specifically covered by an appropriation" if the Appropriation Act together with relevant supporting documents (e.g. *Portfolio or Agency Budget Statements*) show the purpose of the payment, the amount of the payment and the government related entity to which the payment is to be made.

Example 1 – Not specifically covered (Basic GST rules will apply)

A Minister writes to the University to notify a funding amount for the construction of a building by the University. The letter details the funding amount for the University undertaking to construct the building. The Minister's letter is not part of the Portfolio or Agency Budget Statements, nor is it part of the relevant supporting documents to the Appropriation Act. The monies used by the Minister's Department to fund the construction of the building are taken from a general appropriation to the Minister's portfolio. Therefore, the payment by the Minister's Department to the University is not "specifically covered by an appropriation" and the payment is treated as consideration. The payment is considered to be a 'grant' for GST purposes ([Refer to 6.9.2 Grants](#)). The basic GST rules would then apply, i.e. is there a supply made for the consideration? If so GST will generally apply.

Example 2 – Specifically covered (No GST applies)

A Portfolio Budget Statement contains information about a Federal Government Department of Education allocation of \$10 million to Universities to upgrade their information technology facilities. The objectives of the upgrade listed in the Portfolio Budget Statement include increasing the Universities' online resources and replacing old computers with new computers.

An appropriation allocates funds from the Federal Governments' Consolidated Revenue Fund to the Federal Government Department of Education. As the funding is specified in

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the Portfolio Budget Statement the funding is "specifically covered by an appropriation" under an Australian law. The Federal Government Department of Education then makes payments to the Universities'. These payments by the Federal Government Department of Education are also specifically covered by the appropriation. It is not necessary for the name of each government related University to be listed in the Portfolio Budget Statement, as the class of government related entity is specified. Since the payment by the Federal Government Department of Education is made to a government related entity (the government Universities) and is "specifically covered by an appropriation", the payment is not consideration. As there is no consideration, there will be no GST on the payment.

6.9.3.1 Subsequent Use of Appropriation Funding is Subject to GST.

Once the appropriation funding is transferred to a particular government related entity, to be used in the course of its operations, any subsequent payments of those funds to a government related entity are not specifically covered by the appropriation and will be subject to the basic GST rules ([Refer 6.3 Taxable Supplies](#)).

Example 3 – Transfer of Appropriation Funding (Basic GST rules will apply)

For example, Monash University receive appropriation funding with no GST applicable, but any subsequent allocations of funding to Victoria University will be a taxable supply and Victoria University should charge GST on funds being received from Monash University.

6.9.4 Exports

As GST is primarily a tax on consumption in Australia, it is not intended to apply to things that are not consumed in Australia, such as exports. Exports are therefore GST-free providing certain conditions are met.

6.9.4.1 Export of Goods

A supply of goods is GST-Free if the University exports them from Australia before, or within 60 days after, receiving any of the payment for them. If the goods have been invoiced before any payment is made, they must be exported before, or within 60 days after, the invoice is given.

If the export contract provides for payment by installments, the goods must be exported before, or within 60 days after any of the final installment has been received. If that installment has been invoiced before any amount has been paid for it, the goods must be exported before, or within 60 days after, the invoice has been issued.

If the export has not been made within the allowable period, the export loses its GST-Free status and GST must be charged.

Note: The export is not GST-free if the University re-imports the goods back into Australia.

6.9.4.2 Export by Purchaser

It may happen that an overseas purchaser of goods buys them from the University, takes delivery in Australia and later exports the goods. The University treats this as an export of the goods, if the following conditions are met:

- The overseas purchaser is not GST-registered, or required to be registered;
- The goods must be "entered for export" with customs;
- The overseas purchaser must not alter the goods in any way, except to prepare them for export; and

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- The University has documentary evidence that the purchaser actually exported the goods.

If these conditions are not met, GST will be payable, and the overseas purchaser would have to be registered in order to claim an input tax credit.

For more information please refer to GST Ruling [GSTR 2002/6 "Export of Goods"](#).

6.9.4.3 Export of Services and Other Things

The supply of the following services or rights are GST-free:

- a) A supply made by the University that is "directly connected" with goods or real property outside Australia;
- b) A supply made by the University to a non-resident who is not in Australia at the time. The supply must not be a supply of work physically performed on goods in Australia at the time the work is done, or a supply directly connected with real property in Australia. Alternatively, the non-resident must acquire the thing in carrying on its enterprise, but not be registered or required to be registered. This could therefore extend GST-free treatment to services to non-residents such as consultancy services.

This exemption does not apply if under an agreement with the non-resident the services will be provided to someone in Australia. For example, if overseas parents are billed for services to be provided to their children in Australia, this exemption will not apply;

- c) A supply that is made to a recipient who is not in Australia at the time, where the "effective use or enjoyment" takes place outside Australia. Again, the supply must not be of work physically performed on goods in Australia at the time, or a supply directly connected with real property in Australia. This exemption is also intended to apply if, under an agreement with an Australian resident, the supply is made to someone outside Australia (e.g. a supply by the University to an Australian business of a training course to be conducted overseas).

6.9.5 Imports

What is a taxable importation?

The University makes a *taxable* importation when goods are imported and cleared for home consumption. An importation is a *non-taxable* importation if:

- the sale of the imported goods within Australia would have been GST-Free or input taxed; or
- the importation is covered by Schedule 4 of the Customs Tariff Act 1995 which provides a specific exemption for certain goods; or
- goods with a customs value less than \$1,000 delivered by post or \$250 if delivered by other means such as sea or air cargo.

Who pays the GST?

GST is payable by the University as the importer. The GST is calculated as 10% of the value of the importation. The value is the CIF (customs, insurance and freight) value. This is worked out by adding up:

- the customs value;
- additional costs of transporting the goods to their place of consignment in Australia, excluding loading and handling in Australia, but including insurance; and
- any customs duty or wine tax.

6.9.6 Reimbursements & Recoveries

Reimbursements

The University can claim input tax credits where it purchases items needed by its employees to do their job. If the *employee* makes the purchase on his or her own account, the employee cannot claim input tax credits for the GST on the purchase because they are not themselves carrying on an enterprise.

In the event that an employee, volunteer or agent acts on behalf of the University, and the University reimburses them (note: this does not include students) for expenses they incur that are directly related to the carrying on of University activities, it is treated as an acquisition by the University.

Where there is no direct relationship to work duties, input tax credits can nevertheless be claimed if:

- a) The University reimburses an employee for expenses incurred by the employee; and
- b) The reimbursement is a fringe benefit (or an exempt fringe benefit) under FBT legislation.

In the instances above, the University's entitlement to the input tax credit will be determined as if the University had incurred the expense itself. However, the University cannot claim the credit if the employees are themselves entitled to claim one.

The amount of the input tax credit is 1/11th of the amount of the reimbursement. To enable the University to claim the input tax credit, the employee will need to obtain and provide the University with a tax invoice for the acquisition that they made. The tax invoice will be effective even if the employee's name and address, not the University's, is shown as being the recipient.

These rules also apply where an employer *directly pays* the work-related expenses of an employee. This is treated in the same way as a reimbursement.

Students

It is preferable that the University pays a vendor directly for any purchases required by students so that the GST credit may be claimed back from the ATO. A reimbursement to a student, even when receipts are provided by the student does not allow the University to claim the GST from the ATO. The University pays 10% more than necessary, being the GST that is not able to be recovered from the ATO.

Visitors

The University sometimes reimburses visitors for travel and other costs. The situation is the same as for students above. It is unlikely that visitors could ever fall into the concept of agents. Where possible the University should pay for expenses direct to the supplier to ensure recovery of GST.

Recoveries

When the University incurs expenditure that it then seeks recover from another entity/individual, GST must be charged. This is the case even when no GST has been incurred in the original transaction. The recovery is seen to be an individual supply.

Example 1 – Recovery from another entity

The Faculty of Science, Engineering & Technology incurs expenditure on a piece of research equipment to the GST inclusive value of \$1100. \$100 GST is recovered from the ATO, reducing the actual cost to \$1000. The Department expends a further \$500 in labour modifying the equipment, thereby increasing the total cost to the University to \$1500.

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CSIRO (the Department's research partner on a particular project) has agreed to purchase this equipment from the University.

If CSIRO is charged \$1500, 1/11th of this receipt must be remitted to the Tax Office for GST. Therefore the Department of Science will only receive \$1364 towards the cost of the piece of equipment, and will have to bear the difference between the cost incurred and the amount received as a recovery. To fully recover the cost of the equipment, the Department of Science would need to request a total payment of \$1650 (\$1500 plus \$150 GST) from CSIRO.

Business areas should discourage the purchase of goods by the University to be recovered by another party at a later time. Instead they should encourage direct dealings between the party and the supplier, removing the University from the chain and reducing the University's administrative involvement, and liability for GST relating to another party.

Example 2 – Recovery from individual employee

The University pays a phone bill for a mobile phone. The bill includes \$220 (inclusive of GST) worth of private phone calls incurred by a University Employee. The cost to the University of the private phone calls amounts to \$200 as the University would be able to claim \$20 in GST through the holding of a tax invoice. When the University employee reimburses the University the \$220, the University will have to remit 1/11th of the amount ie. \$20 to the ATO. This means that the University will receive \$200 towards the phone bill. Therefore in this situation the cost of the private telephone calls equals the amount recovered from the employee.

6.9.7 Travel

Overseas Travel

Transport of passengers from Australia to a destination outside Australia is GST-Free. So is transport between destinations outside Australia, or to Australia from a place outside of Australia. This applies whether the transport is by air or sea.

Domestic Travel

Normally, domestic travel is subject to GST. However, there are some exceptions:

- a) If the passenger is a non-resident, domestic air travel in Australia is GST-free provided that the ticket was purchased while the passenger was outside Australia.
- b) The Australian domestic flight leg of any passenger's international flight is GST-free, if it is provided as part of the same ticket. This applies even though there may be a stopover of any length between the international and domestic legs.
- c) The Australian domestic leg of any passenger's international sea voyage is GST-free if it is provided as part of the same ticket.
- d) Rail, bus or car transport within Australia is subject to GST. This applies irrespective of whether the traveler is a non-resident, or whether the travel was purchased outside Australia.

Frequent Flyer Programs

Under frequent flyer programs, a traveler receives points for air travel made with an airline. When these points reach a certain amount they can be redeemed for other travel or benefits. GST does not apply to the award of these points, or to the supply of the travel or benefits, as there is no consideration. However, GST will apply to any additional amount the customer is required to pay to obtain the travel or benefits. GST will also apply to any fees paid for membership of the program.

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6.9.8 Security Deposits

Special rules apply to deposits made as security for the performance of an obligation.

Refundable Deposits

If the deposit is refunded on performance of the obligation, no GST is payable because the deposit is not treated as consideration for a supply.

Example 1

The University hires a piece of equipment. We pay \$110 for the hire and a separate \$50 security deposit. The University returns the equipment the next day and gets back the \$50 deposit. A GST component of \$10 applies to the hire cost, but no GST applies to the deposit.

However, if a deposit is forfeited, it is treated as if it were part of the payment for the supply, and 1/11th needs to be remitted to the ATO by the supplier.

Example 2

The University fails to return the equipment and forfeits the deposit. The payment for the supply of the equipment is therefore \$110 + \$50 = \$160. The GST component is \$14.55.

Incorporated Deposits

If the deposit at some stage becomes incorporated into the payment, the deposit is treated as if it were part of the payment for the supply and GST is attributed to the tax period in which the incorporation takes place.

Example 3

*In October 2001 the University pays a deposit of \$1,100 reserving a room for a conference in January. No GST is payable at this stage and **GST code NA** would be used. The University utilizes the room in January and pay the balance of \$2,200. The \$1,100 deposit is then offset against the \$3,300 accommodation charge and GST of \$300 will be payable. The GST of \$300 will be greater than 1/11th of the \$2,200 balance payable. [Refer to 6.6.1 Processing Invoices when GST is not exactly 1/11th](#) as to how to process this transaction.*

If the deposit is forfeited it is treated as if it were part of the payment for the supply. The GST is attributed to the tax period in which the forfeiture takes place.

Example 4

The University discovers in November that the hotel room is not close to the conference venue and therefore cancels. The \$1,100 deposit is forfeited. The hotel must account for GST of \$100 (1/11th of \$1,100) in the tax period in which November falls. If the hotel had refunded the deposit – because it accepted responsibility for wrongly telling the University that the room was close to the conference venue - no GST would be payable.

6.9.9 Fines, Penalties, Taxes and Charges

GST applies to payments of taxes, fees and charges, except those taxes, fees and charges that are excluded from the GST by a determination of the Treasurer.

The Treasurer's Determination under Division 81 of the GST Act lists government taxes, fees and charges that are not regarded as provision for consideration, and therefore not subject to GST. The underlying principle is that compulsory taxes and regulatory charges levied by government are **not** subject to GST.

Fees for service, particularly in those areas where a government is competing with the private sector, **will** generally be taxable.

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Fines and penalties are not subject to GST as there is no supply made in relation to the consideration and therefore do not require listing on the Determination. Therefore use **GST code NA**.

Non-Taxable Charges (use **GST Code NA**)

- taxes such as income tax, fringe benefits tax, wine equalisation tax, luxury car tax, bank accounts debit tax, excise, superannuation guarantee charge, superannuation contributions surcharge, tobacco charge, wool tax, stamp duty, land tax, and pay-roll tax;
- local government rates;
- water, sewerage and drainage rates (these are also GST-free, use **GST code Z**);
- building application and planning/zoning fees;
- compulsory charges for domestic waste removal;
- issue, transfer or renewal of licenses, registrations and permits to undertake activities, e.g. driver's licenses;
- freedom of information charges;
- court fees; and
- parking fines.

Taxable Charges (use **GST Code C**)

- parking fees;
- fees for use of public land;
- inspection and testing fees e.g. building inspectors;

6.9.10 Second Hand Goods and Trade Ins

Where second-hand goods are sold by an entity registered for the GST, this is a taxable supply. The University is registered and is therefore required to charge GST whenever it sells second-hand goods. Use **GST code C** when recording receipts from sales. The only exception to this rule is where the sale meets the criteria of a non-commercial activity (refer [6.11](#)) and it is therefore treated as GST free, in which case use **GST code F**.

If the University buys second-hand goods from an unregistered entity there is no GST in the price. Under the general GST rules, the University will not be entitled to claim an input tax credit. However, a special rule exists that allows the University to claim input tax credits where the second-hand goods (other than livestock or plants) are purchased from an unregistered entity and the University uses the goods as trading stock for a subsequent taxable supply of those goods. An example where this would occur is the purchase of second hand books from University students by the University bookshop.

The input tax credit is the lesser of:

- 1/11th of the consideration for the acquisition of the second-hand goods, or
- if that amount is more than the GST payable on the subsequent sale of the goods, the GST on that subsequent taxable supply.

6.9.11 Non Deductible Expenses and Interaction of GST & FBT

Procedure: Expenses that are Non Deductible and not subject to FBT use **GST Code P**. Expenses that are Non Deductible but subject to FBT use **GST Code C**.

The University is exempt from income tax, but the identification of non-deductible expenses for income tax purposes is still required because input tax credits cannot be claimed on expenses that are made specifically non-deductible under tax law. The income tax legislation contains a number of restrictions on deductions where the expenses are seen to be personal or quasi-personal in nature. The University does not permit the use of

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funds for personal expenses however there are some University business transactions that are considered to be non-deductible.

The following acquisitions or importations are non-deductible expenses:

- penalties (but there's no supply, use **GST code NA**);
- relative's travel expenses;
- membership to recreational clubs and leisure facilities;
- meal entertainment (food & drink);
- recreational entertainment (includes amusement expenses, entertainers, tickets to sporting events or theatre, sightseeing tours, or similar leisure time pursuits etc);
- non-compulsory uniform expenses;
- agreements for the provision of non-deductible non-cash business benefits.

Interaction of GST & FBT

It must be noted that if an FBT liability arises from the non-deductible expense, the input tax credit can be claimed on the portion of the expense that is subject to FBT. (Refer to the FBT procedure for further information).

Examples:

- a) **Meal entertainment for staff and non-staff** – 50% of this amount is subject to FBT and therefore 50% of the expense is coded using **GST Code C** and the 50% balance is coded to **GST Code P**. Both amounts are posted to natural account 3805 FB – Entertainment.
- b) **Recreational entertainment for staff** – 100% of this amount is subject to FBT, therefore these amounts are coded using **GST Code C** and posted to natural account 3806 FB – Entertainment. *The names of staff receiving the benefit must be included in the purchase order description or forwarded to the Taxation Accountant.*
- c) **Recreational entertainment for clients or students** – these expenses are not subject to FBT and are non-deductible. All of these expenses should be coded using **GST code P** and posted to natural account 3565 Public Relations.

Final [GST ruling GSTR 2001/3](#) provides additional information concerning GST and fringe benefits.

6.9.12 Sale of a Business

The sale of a business is known as a 'supply of a going concern' for GST purposes. The supply of a going concern is GST-free if:

- the supply is for consideration;
- the recipient is registered or required to be registered; and
- the supplier and the recipient have agreed in writing that the supply is of a going concern.

A supply of a going concern is a supply if:

- the supplier supplies to the recipient all of the things that are necessary for the continued operation of an enterprise; and
- the supplier carries on, or will carry on, the enterprise until the day of the supply (whether or not as part of a larger enterprise carried on by the supplier).

These provisions may be relevant in dealing with the GST consequences upon selling a University building containing existing tenants.

Final GST ruling GSTR 2002/5 provides additional information concerning what constitutes a going concern and when the supply of a going concern is GST-free for the purposes of the GST Act.

6.9.13 Fundraising Events

Victoria University and Victoria University Foundation generally must charge GST on the sale of tickets for fundraising events because both entities are registered for the GST. The only exception to this rule is where the University or the Foundation elect to treat all supplies made in connection with a particular "fund-raising event" as being input taxed. When an entity makes an input taxed sale, no GST is payable on the sale. However, the entity is not entitled to an input tax credit for the GST on anything it has purchased that relates to staging the fundraiser.

If the input taxed choice is made, the University must refer to the fund-raising event in its records and receipts as an event that is treated as input taxed.

A "fund-raising event" is defined to mean any of the following if conducted for the purpose of fund-raising:

- a fete, ball, gala show, dinner, performance or similar event;
- an event comprising a sale of goods, provided each sale is for consideration that does not exceed \$20 (or such other amount specified in regulations), and selling such goods is not a normal part of the supplier's business. An event that involves the sale of alcoholic beverages or tobacco products will not qualify for election for input taxed treatment;
- an event that the Commissioner decides to be a fund-raising event after receiving a written application from the supplier.

Please note that any of the above will not be considered a "fund-raising event" if it is part of a series or regular run of similar events.

6.9.14 In Kind

The ATO has indicated that in kind contributions will be viewed as a barter arrangement for GST purposes, there being two sets of supplies. An in-kind contribution made between Victoria University ("University") and another party ("Industry Party") can be viewed as a two-way transaction in the following manner:

1. The Industry Party joined with the University in making an application to a government department for funding for the research of an agreed project ("Research Project");
2. The University will provide the basic facilities for the Research Project and may engage persons as it see fit for purposes of undertaking the Research Project; and
3. The Industry Party will provide funding and other in-kind resources and facilities such as access to relevant facilities, software, personnel, expertise and information to the University for the purpose of the Research Project.

The supply between the University and the Industry Partner can be seen as simultaneous. As both parties are acting as purchaser and supplier, they will be required to account to the ATO 1/11th of the value of the respective supplies.

Both parties will also be eligible for input tax credits for the amount of GST assessable on their purchases. The GST accountable to the ATO and the input tax credits claimed should therefore net out at zero in each party's BAS.

In order to be eligible for the input taxed credit, each party must have on hand a tax invoice. It is important that the tax invoice issued by the University and the Industry

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Partner providing in kind contribution are dated within the same tax reporting period and preferably the same day.

Periodic Supply

In general, the duration of such Research Projects is for more than 12 months and payments are made on an annual basis. Under the GST Legislation, supplies and acquisitions made for a period or on a progressive basis are treated as separate supplies. As such, the University and the Industry Partner are required to account for GST at the time when consideration is received or at the time when an invoice is received which ever is earlier. Generally, this will be on an annual basis.

Once again, a tax invoice must be issued each time a supply or an in kind contribution is made regardless of the duration of the Research Project.

ARC Linkage Projects

Victoria University was involved in a joint submission for an ATO private ruling on the GST status of its involvement in ARC Linkage Projects. The ATO ruled that neither the cash nor in-kind contribution by the Industry Party is consideration for a supply. Therefore the University is not required to charge GST in these circumstances.

6.10 Contracts & GST Clauses

GST Clauses

The GST clause contained in service contracts has a significant influence on the GST outcome for the University. Below is the GST clause that the University must include in all of its service contracts to ensure that GST obligations are met:

6.10.1 GST clause

"#XX Goods & Services Tax

(a) Where any *taxable supply* between the Parties occurs under this Agreement:

- (i) the Party who is the supplier may increase the consideration for the *taxable supply* identified in the Agreement ("Net Consideration") by the amount of any applicable GST (calculated in accordance with the GST Act) unless the Agreement says the consideration is GST-inclusive; and
- (ii) the Party who is liable to pay for the *taxable supply* will pay the increased, or GST-inclusive, *consideration* (whichever the case may be) within 21 business days, or such other period this Agreement specifies:
 - after receiving a valid *tax invoice* for the supply; or
 - where the Parties have mutually entered into a *Recipient Created Tax Invoice* ("RCTI") agreement that affects the supply -- after the supplier Party requests the other Party to pay the supplier Party the increased, or GST-inclusive, consideration (as the case may be), and to issue the supplier Party with an RCTI, with respect to the supply; and

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NOTE: PARA. (iii) IMMEDIATELY BELOW MUST BE DELETED WHERE VU IS THE PURCHASER, OR VU & THE OTHER PARTY ARE MUTUAL CROSS-PURCHASERS, UNDER THE CONTRACT [- CONTACT FINANCE OR LEGAL SERVICES DEPT. IF IN DOUBT]

(iii) [HERE INSERT THE NAME OF THE PARTY OTHER THAN VU] (the 'Purchaser') shall pay VU an amount equal to any interest, and/or penalties, levied by the Australian Tax Office ('ATO') on VU, from the date of the taxable supply, where the Purchaser has not paid VU, and consequently VU has not paid the ATO, the properly applicable GST component pursuant to para's. #XX(a)(i) and (ii) in connection with the supply.

(b) In relation to the consideration for any *taxable supply* under this Agreement, the supplier Party:

- (i) must maximise its claims for *input tax credits* on all creditable acquisitions made, by the supplier Party's *enterprise*, in connection with the Agreement; and
- (ii) unless the Parties have determined consideration irrespective of this paragraph (ii) -- must as far as possible pass on to the *recipient* the benefit of the supplier Party's abovementioned *input tax credits* (to avoid charging the *recipient* for GST on GST);

and the supplier Party must, by way of a reduction in the Net Consideration for any *taxable supply* under this Agreement, pass on to the *recipient* the benefit of any cost savings the supplier Party achieves relevant to this Agreement in connection with the abolition or reduction of any tax.

(c) In clause #XX:

- (i) "GST Act" means *A New Tax System (Goods and Services Tax) Act 1999 (C/wlth)* (as amended); and
- (ii) expressions (e.g. *tax invoice*) shown in italics bear the same meaning as those expressions in the GST Act."

6.11 Non – Commercial Activities

The commercial activities of the University are GST taxable, but as a gift deductible entity the "non-commercial activities" of the University can be GST-free. The term 'non-commercial activities' refers to sales made and the payment received for the sale is less than a specified amount. A sale is GST-free if the amount charged is:

- less than 50% of the GST-inclusive market value, or
- less than 75% of the amount the charitable institution, charitable fund, gift deductible entity or government school paid to acquire the things that are subsequently sold.

When the sale is a supply of accommodation the sale is GST-free if the amount charged is:

- less than 75% of the GST-inclusive market value of the accommodation, or
- less than 75% of the cost of providing the accommodation.

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7.0 CONGRUENCE WITH LEGISLATION AND RELATED POLICIES

- A New Tax System (Goods and Services Tax) Act 1999 as amended, and related Commonwealth GST legislation.
- ATO [GST Public Rulings](#)
- [Commercial Debtors Procedure](#)
- [Purchasing \(Credit\) Cards Policy](#)
- [Purchasing \(Credit\) Cards Procedure](#)
- [Purchasing Policy](#)
- [Petty Cash Procedure](#)
- [Staff Reimbursement & Per Diem Procedure](#)
- [PAYG No ABN Withholding Tax](#)
- [Prepayments Procedure](#)
- [Fringe Benefits Tax \(FBT\) Procedure](#)

8.0 ACKNOWLEDGEMENT

2004 CCH Australian Master GST Guide
 2004 CCH Australian Master Tax Guide
 Australian Taxation Office (ATO) Website
 CCH Australian GST Legislation
 Department of Treasury & Finance – GST Tax Library
 VU Finance GST Intranet Website

9.0 CONSULTATION

The policy and procedure has been circulated through VCAC for comments and feedback and policy amendments were made accordingly. The policy has been independently reviewed by accounting firm Moore Stephens HF.

10.0 REVIEW

This policy and procedure is to be reviewed whenever there is a material change in the GST legislation that will need to be reflected in this policy. Any other policy changes will occur **no later than 31 December 2016**.

11.0 ACCOUNTABILITIES

11.1 Responsibility

The organisational unit responsible for the implementation of this procedure is Finance.

The positions listed below are responsible for ensuring the implementation of, and on going compliance, with this procedure:

OFFICER	RESPONSIBILITY
Manager – Financial Compliance; & Director Finance Systems and Processing	Monitoring compliance and initiating corrective action if required.
Taxation Accountant	Monitoring compliance and Staff training (as required), and policy maintenance.
Principal Officers; Deputy-Vice-Chancellors, Pro-Vice-Chancellors & Executive Directors.	To ensure that this policy is implemented within their portfolios.
Deans, Deputy Deans, Associate Deans, Directors, Deputy Directors, Associate Directors, Heads of Schools, Departments and similar.	Ensure staff are made aware of the policy, that it is implemented and applied in their organisational unit. Awareness may occur, for example, through discussion at staff meetings.
Staff	To be aware of, understand and apply the policy as required to their area of work.

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11.2 Implementation Plan

11.3 Compliance

The Manager – Financial Compliance and the Senior Taxation Accountant will conduct periodic reviews of GST transactions to ensure compliance with this procedure. The results of the review will be escalated for appropriate follow up action.

12.0 FORMS

Not applicable.

13.0 APPENDICES

13.1 General GST Status Of Various Educational Services.

Type of Supply made by University	Type of GST Supply	GST Code
Academic Transcript	GST Free	F
Accommodation at house owned by VU - Rent is 75% or more of market value - Rent is less than 75% of market value	Input Taxed GST Free	I F
Accommodation for <u>non students</u> at student village - Rent is 75% or more of market value - Rent is less than 75% of market value	Taxable GST Free	C F
Accommodation for <u>students</u> at student village - Rent is 75% or more of market value - Rent is less than 75% of market value	Input Taxed GST Free	I F
Adult courses (if approved as employment related)	GST Free	F
Apprenticeship courses	GST Free	F
Certified photocopies (single-sided)	Taxable	C
Community education courses (employment related)	GST Free	F
Computer courses (if employment related)	GST Free	F
Consumables used as course materials	GST Free	F
Course Materials (consumed by students)	GST Free	F
Course Related Notes and Guides	GST Free	F
Deposit (refundable)	GST Free	F
Desk top publishing services	Taxable	C
Disabled student courses	GST Free	F
Diskettes, CD roms, Zip disks, Audio or Video tapes	Taxable	C
Doctoral courses	GST Free	F
Elective subjects (as part of a Physical Ed. course)	GST Free	F
English language course for foreign students	GST Free	F
Examination arrangements charge	GST Free	F
Excursions - (food and accommodation)	Taxable	C
Excursions - (predominantly recreational)	Taxable	C
Excursions - (related to curriculum)	GST Free	F
Fines, Penalties, Late enrolment fees etc.	GST Free	F
First Aid Course (if provided by an approved body)	GST Free	F
First aid kit	Taxable	C
Fund-raising activities	Taxable	C
Graduation Dinner & Ceremonies	Taxable	C
Graduation Program Fee	Taxable	C
Gymnasium	Taxable	C
Hire of Academic Dress	Taxable	C
Hire of Equipment	Taxable	C
ID replacement card	GST Free	F
Internet and E-mail services fees	Taxable	C
Laboratory manuals	GST Free	F
Laboratory/room/theatre hire (to external parties)	Taxable	C
Late fee (administration fee)	Taxable	C
Late fee (not administration fee)	GST Free	F
Locker hire	Taxable	C
Locker hire - Key replacement fee	Taxable	C
Locker hire - Refundable deposit	GST Free	F

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Masters courses	GST Free	F
Musical Instruments usage (i.e. not sold to students)	GST Free	F
Non consumables (e.g. protective eye-wear)	Taxable	C
Nurses badges	Taxable	C
Passport Size Photos	Taxable	C
Personal enrichment courses	Taxable	C
Photocopying services	Taxable	C
Postgraduate courses	GST Free	F
Printing, binding and laminating for students	Taxable	C
Private Tutoring provided by University	GST Free	F
Professional qualification courses	GST Free	F
Recreational courses	Taxable	C
Reinstatement Fee	GST Free	F
Replacement Certificates	GST Free	F
Resuscitation courses (if provided by an approved body)	GST Free	F
Rural student hostel accommodation	GST Free	F
Secondary course	GST Free	F
Special education courses	GST Free	F
Staff accommodation	Taxable	C
Student organisation membership	Taxable	C
Student Village	Refer factsheet	
Swim lessons by VU for students & part of course	GST Free	F
TAFE courses (non-hobby)	GST Free	F
TAFE hobby courses	Taxable	C
Tertiary courses	GST Free	F
Tertiary residential college courses	GST Free	F
Textbooks sales	Taxable	C
Trade qualification courses	GST Free	F
Transport to and from University	Taxable	C
Uniforms (even with VU logo) sold to students	Taxable	C

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13.2 EXAMPLES OF VALID TAX INVOICES

Tax invoices for **taxable supplies of \$1000 or more** must include:

- 1 the Australian Business Number of the supplier
- 2 the GST-inclusive price of the taxable supply
- 3 the words 'tax invoice' stated prominently
- 4 the date of issue of the tax invoice
- 5 the name of the supplier
- 6 the name of the recipient
- 7 the address or the Australian Business Number of the recipient
- 8 a brief description of each thing supplied
- 9 the quantity of the goods or the extent of services supplied, and
- 10 A when GST payable is exactly 1/11th of the total price, either a statement along the lines of "the total price includes GST", or
- 10 B the GST amount.

3 TAX INVOICE			
Hanley Hotel Pty Ltd		15 North Road	
ABN: 32 123 456 789		Hanley SA	
Date: 1 August 2000			
To: Extra Insurance Pty Ltd		254 North Road	
		Hanley SA	
Qty	Description of supply	Price	Total
10	Room Hire (day)	\$198	\$1980
TOTAL			\$1980
The total price includes GST			

3 TAX INVOICE			
Hanley Hotel Pty Ltd		15 North Road	
ABN: 32 123 456 789		Hanley SA	
Date: 1 August 2000			
To: Extra Insurance Pty Ltd		254 North Road	
		Hanley SA	
Qty	Description of supply	Value	Total
10	Room Hire (day)	\$180	\$1800
	GST	\$18	\$180
TOTAL AMOUNT PAYABLE			\$1980

Tax invoices for a mixture of **taxable and non-taxable supplies** must also show:

- 1 each taxable supply
- 2 the amount of GST payable (in relation to the taxable supplies), and
- 3 the total amount payable for the supply.

TAX INVOICE			
Any Supplies Pty Ltd		80 Burshag Road	
ABN: 45 123 456 789		Festler NSW	
Date: 1 August 2000			
To: Hanley Hotel Pty Ltd		15 North Road	
		Hanley SA	
Qty	Description of supply	Price	Total
200	Soft drink*	\$0.55	\$110
50	Bananas	\$0.50	\$25
50	Bottled water	\$1.00	\$50
TOTAL AMOUNT PAYABLE			\$185
Total includes GST of			\$10
* indicates taxable supply			

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SUMMARY OF GST PROCEDURES

1. Use of GST codes.

Type of GST Transaction	Examples	GST Code
<u>Taxable Supplies</u>		
<i>Income, Receipts, Revenue etc (i.e. money paid to VU) for a <u>GST Taxable</u> good or service.</i>	Enrolment fee for a TAFE hobby course	C
	Sale of University merchandise	C
	Grant funding received	Refer 6.9.2
<i>Expenses, Payments etc (i.e. VU pays an amount) for a <u>GST Taxable</u> good or service.</i>	Purchase of stationary & office supplies	C
	Telephone expenses	C
	Purchase of computer equipment	C
<u>GST Free Supplies</u>		
<i>Income, Receipts, Revenue etc (i.e. money paid to VU) for a <u>GST Free</u> good or service <u>excluding exported goods</u>.</i>	Enrolment fee for tertiary course	F
	Fee received for sale of course curriculum to an overseas University	F
	Income received via osteopathy service provided	F
<i>Income, Receipts, Revenue etc (i.e. money paid to VU) arising from an export of a good.</i>	Sale of University equipment to an overseas location	E
<i>Expenses, Payments etc (i.e. VU pays an amount) for a <u>GST Free</u> good or service.</i>	Payments for water rates	Z
	Payments for fresh food	Z
	Payments for international travel	Z
<u>Input Taxed Supplies</u>		
<i>Income, Receipts, Revenue etc (i.e. money paid to VU) for an <u>Input Taxed</u> good or service.</i>	Rent received on residential property	I
<i>Expenses, Payments etc (i.e. VU pays an amount) for an <u>Input Taxed</u> good or service.</i>	Repairs to residential property	I
	Equipment purchased for residential property	I

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Type of GST Transaction	Examples	GST Code
<u>GST Not Applicable or no Valid Tax Invoice</u>		
<i>Income, Receipts, Revenue etc (i.e. money paid to VU) for a good or service.</i>	Donations received	NA
	Government Appropriation funding	NA
<i>Expenses, Payments etc (i.e. VU pays an amount) for a good or service.</i>	Supplier is not registered for GST	NA
	No valid tax invoice received	NA
	Payment of fine or penalty	NA
<u>GST Only Amount</u>		
<i>Expenses, Payments etc (i.e. VU pays an amount) on an invoice that is only for the GST component.</i>	Invoice from Customs for GST on imported goods	G
<u>Private Acquisitions, Non Deductible Expenses & Fringe Benefits</u>		
<i>Expenses, Payments etc (i.e. VU pays an amount) for <u>non deductible expenses</u> that are not subject to FBT.</i>	Payment of fine or penalty	P
	Employee private expense and University is reimbursed.	P
<i>Expenses, Payments etc (i.e. VU pays an amount) for <u>private expenses</u> that are subject to FBT. Post to natural account 3808.</i>	Payment for domestic spouse travel	C
	Employee enrolment fee for a hobby course	C
	Employee private expense and University is not reimbursed.	C
<i>Expenses, Payments etc (i.e. VU pays an amount) for <u>staff and non staff meal entertainment</u>. Post to natural account 3805.</i>	Business lunches / dinners	50% C & 50% P
	Cocktail parties	50% C & 50% P
	Corporate box ticket to the footy	50% C & 50% P
<i>Expenses, Payments etc (i.e. VU pays an amount) for <u>staff recreation</u>. Post to natural account 3806.</i>	Payment for game of golf	C
	Tickets to the theatre	C
<i>Expenses, Payments etc (i.e. VU pays an amount) for <u>non-staff recreation</u>. Post to natural account 3565.</i>	Musician hired for student orientation week	P
	Sightseeing tour for a University client/business partner	P

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2. Where GST is not exactly 1/11th of the GST Inclusive purchase price.

Procedure:

- Multiply the GST amount on the invoice by 11 and use **GST code C** for this figure.
- The balance payable will be GST Free, use **GST code Z**.

➤ *Example - GST is less than 1/11th of the GST Inclusive Price*

Purchase Price	100
Add GST	<u>2</u>
Total Purchase Price on Invoice	<u>102</u>

		<u>Code</u>	<u>Account Code</u>
Taxable Amount	22	C	Department Cost Centre
GST Free Amount	80	Z	Department Cost Centre

The \$22 is calculated as $\$2 \times 11 = \22 .

The \$80 is the balance (i.e. $\$102 - \$22 = \$80$).

3. Making corrections for GST mistakes.

Certain GST mistakes must be brought to the attention of the Taxation Accountant, namely:

- Mistakes with a GST value greater than \$1,000; or
- GST mistakes relating to an earlier tax period greater than 3 months.

GST mistakes less than \$1,000 and less than 3 months old can be corrected via journal adjustment without notifying the Taxation Accountant.

Any queries regarding the above GST procedures should be referred to the Taxation Accountant – Finance.