

# Financial Code of Conduct - GST (Goods and Services Tax) Procedure

## Section 1 - Summary

(1) The purpose of this Procedure is to ensure the University complies with its obligations arising from [A New Tax System \(Goods and Services Tax\) Act 1999 \(Cth\)](#) and all associated with Australian Taxation Office (ATO) rulings, guidelines and reporting obligations.

## Section 2 - HESF/ASQA/ESOS Alignment

(2) HESF: Standard 6.2 Corporate Monitoring and Accountability.

(3) Standards for RTOs (2015): Standard 7 & 8.

## Section 3 - Scope

(4) The scope of this Procedure is to establish a framework in which staff across the University 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 \(Cth\)](#).

## Section 4 - Definitions

(5) ABN (Australian Business Number)

(6) Adjustment Notes - Documents issued by suppliers to a business when the amount paid for taxable supply changes.

(7) BAS (Business Activity Statement)

(8) Companies - Entities that have been incorporated pursuant to the Corporations Act 2001 (Cth) and have an Australian Company Number (ACN) and ABN.

(9) Consideration - Consideration means anything (cash or non-cash) of value that can be exchanged for a supply of goods and services, including money or in-kind arrangements.

(10) Customer - An entity that the University conducts business with (e.g. students).

(11) 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.

(12) 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.

(13) GST (Goods and Services Tax)

(14) Indirect Tax Zone - Indirect tax zone means Australia but does not include the external Territories, an offshore area or the Joint Petroleum Development Area.

(15) 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.

(16) PAYG (Pay As You Go)

(17) Supplier - An entity that is a seller of the goods or services.

(18) Supply - A supply is any form of supply whatsoever and includes:

- a. supplying goods (this means any form of tangible personal property);
- b. supplying services;
- c. providing advice or information, i.e. consultancy;
- d. granting, assigning or surrendering real property;
- e. creating, granting, transferring, assigning or surrendering any right;
- f. financial supply;
- g. 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 the 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. 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 supplies made in Australia.

(19) Tax Invoice

(20) Tax Period - The length of time for accounting for GST on the BAS. It may be quarterly or monthly. Victoria University operates on a monthly tax period for GST purposes.

(21) Taxable - Subject to GST at a rate of 10% per cent.

(22) University

# Section 5 - Policy/Regulation

(23) See [Financial Code of Conduct Policy](#).

## Section 6 - Procedures

### Part A - Summary of Roles and Responsibilities

Roles	Responsibilities
Tax Compliance Team	Ensure that this Procedure complies with the current GST legislation, rulings, guidelines and reporting obligations. Monitoring compliance of transactions entered into by the University and initiating corrective action if required. Provide regular training to increase the GST awareness amongst all the Finance staff including the Operational Accounting Team, Procurement Hub Officers and the Accounts Payable Team.
All University staff	Responsible for familiarising themselves with the requirements of this Procedure and responsible for acting in compliance with this Procedure at all times in their conduct as a staff member.

### Part B - Procedures

#### Operation of the GST System

(24) 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 ('input tax credits') for the amount of GST paid to provide it has obtained a valid 'tax invoice' (refer to clauses (41 and 42) of this Procedure). The University effectively acts as a collector of the GST and the ultimate burden for GST falls on the private consumption of goods and services.

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

(26) 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 receive a GST refund.

#### Types of GST Supplies

(27) The GST legislation lists three types of GST supplies:

- a. Taxable Supplies;
- b. GST-Free Supplies; and
- c. Input-taxed Supplies.

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

University Supply	Taxable	GST Free	Input Taxed
Charge 10% GST on a supply made by the University	Yes	No	No
Claim GST paid on acquisitions relating to making that supply	Yes	Yes	No

## Taxable Supplies

(29) If supply is a Taxable Supply, the supplier must charge 10% GST on the supply. The supplier is also entitled to claim the GST paid (input tax credit) on business purchases made for making the Taxable Supply. A Taxable Supply is not limited to a sale but covers a wide range of transactions. The supplier only makes a taxable supply if all of the following criteria ('Basic GST Rules') are satisfied:

- a. there must be a supply;
- b. the supply must be made for consideration;
- c. the supply must be made in connection with an enterprise carried on by the supplier;
- d. the supply must be connected with the indirect tax zone;
- e. the supplier must be registered or required to be registered for GST; and
- f. the supply must not be GST-Free or Input Taxed.

### Connected with the indirect tax zone

(30) A connection with the indirect tax zone is established where:

Goods are:	<ol style="list-style-type: none"><li>1. delivered in Australia;</li><li>2. made available in Australia;</li><li>3. removed from Australia;</li><li>4. imported into Australia; or</li><li>5. installed, or assembled in Australia.</li></ol>
Real property (including buildings or the land to which the real property relates) is:	<ol style="list-style-type: none"><li>1. in Australia.</li></ol>
Supply of things other than goods or real property occurs (e.g. services) and:	<ol style="list-style-type: none"><li>1. the thing is done in Australia; or</li><li>2. supplied through an enterprise the supplier carries on in Australia.</li></ol>

For more information refer to the following GST Rulings:

- a. [GSTR 2018/2 - Supplies of goods connected with the indirect tax zone \(Australia\)](#);
- b. [GSTR2019/1 - Supply of anything other than goods or real property connected with the indirect tax zone \(Australia\)](#).

### GST Registration and Australian Business Number (ABN)

(31) 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.

(32) Under the 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. 47% from their payment). Refer to Finance Department Fact sheet [Withholding If ABN Not Provided](#). The 47% 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 a supplier](#) form.

(33) Victoria University and two other associated entities have been separately registered for an ABN and GST. The registration details are:

- a. Victoria University (ABN 83 776 954 731)
- b. VU Online Pty Ltd (ABN 17 623 496 186)

(34) Any University transactions with VU Online Pty Ltd will be treated as though dealing with an external party and will be subject to GST, as Victoria University and VU Online Pty Ltd are not grouped for GST purposes.

## **GST Free Supplies**

(35) 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.

(36) The main categories of GST-free supplies include:

- a. Most education courses, course materials and related excursions or field trips;
- b. Some medical, health and care services;
- c. Most basic food;
- d. Some childcare services;
- e. Supply by a charity (e.g. a University) provided at less than 50% of market value or less than 75% of the cost incurred in providing the supply;
- f. Cars for disabled people to use as long as certain requirements are met;
- g. Certain activities of charities and gift deductible bodies;
- h. Precious metals;
- i. International transport and related matters;
- j. International mail;
- k. Sale of a business;
- l. Grants of land by the government;
- m. Sales through duty-free shops;
- n. Water, sewerage and drainage;
- o. Exports; and
- p. Sales of business as going concerns.

## **Input Taxed Supplies**

(37) 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.

(38) The main categories of input taxed supplies include:

- a. Financial supplies such as loans, dealings in money and issuing securities;
- b. Low-value supplies from certain coin-operated vending machines;
- c. Certain fund-raising activities of charities;
- d. Sale of residential premises; and
- e. 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.

## **GST Codes used in Finance One**

(39) The fact sheet [GST Codes used in Finance One](#) explains the GST codes that should be used when processing transactions in Finance One.

## Tax Invoices, Recipient Created Tax Invoice (RCTI) and Adjustment Notes

(40) A tax invoice is an evidence that a supplier has charged GST on a taxable supply. A valid tax invoice is required to claim the input tax credit on a business purchase.

(41) The fact sheet [Tax Invoices, RCTI and Adjustment Notes](#) explains the requirements of valid tax invoices, RCTI and adjustment notes.

## Correction to GST Mistakes

(42) All GST mistakes must be brought to the attention of the tax compliance team by emailing [taxcompliance@vu.edu.au](mailto:taxcompliance@vu.edu.au).

(43) The fact sheet [Correction of GST Errors](#) explains the ATO's requirements on how to correct GST mistakes.

## GST Status of Specific Transactions

(44) The GST treatment of some typical transactions are explained further in the following fact sheets, which are also available on the Finance intranet site:

- a. [Education](#)
- b. [Gifts, Grants and Donations](#)
- c. [Appropriations](#)
- d. [Exports](#)
- e. [Imports](#)
- f. [Reimbursements and Recoveries](#)
- g. [Travel Expenses](#)
- h. [Security Deposits](#)
- i. [Fines, Penalties, Taxes and Charges](#)
- j. [Second Hand Goods and Trade-Ins](#)
- k. [Non-Deductible Expenses and the Interaction of GST and FBT](#)
- l. [Sale of a Business](#)
- m. [Fundraising Events](#)
- n. [In-Kind Contributions](#)
- o. [Contracts and GST Clauses](#)
- p. [Non-Commercial Activities](#)

## Section 7 - Supporting Documents and Information

(45) Nil.

## Status and Details

<b>Status</b>	Historic
<b>Effective Date</b>	6th April 2020
<b>Review Date</b>	6th April 2023
<b>Approval Authority</b>	Senior Vice-President and Chief Operating Officer
<b>Approval Date</b>	6th April 2020
<b>Expiry Date</b>	6th August 2024
<b>Accountable Officer</b>	Trish Roberts Deputy Chief Financial Officer trish.roberts@vu.edu.au
<b>Responsible Officer</b>	Lisa Chan Director, Financial Control +61 3 9919 2819
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## Glossary Terms and Definitions

**"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.

**"ABN (Australian Business Number)"** - A single, unique identifier for dealings with the Australian Taxation Office and for dealings with other government departments and agencies. For the purposes of the Goods and Services Tax (GST) system, the ABN also acts as the University's GST registration number.

**"BAS (Business Activity Statement)"** - A single form to be lodged with the Australian Taxation Office to report various University tax obligations including the Goods and Services Tax that has been collected and paid.

**"University"** - Refers to Victoria University.

**"Tax Invoice"** - A document generally issued by the supplier and containing information about a taxable supply. 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.

**"PAYG (Pay As You Go)"** - 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 Australian Taxation Office.