

## 5 The Goods and Services Tax

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### Introduction

The **goods and services tax** (the GST) is a 10% tax that is added to the price of most products sold by a business in Australia and on products imported into Australia.

GST applies to the sale of products, such as, a motor vehicle or shoes and the supply of services, such as, the repair of the office photocopier.

### GST Registration and the Australian Business Number

A business that has annual sales of \$75,000 or more **must** register with the Australian Taxation Office to collect GST and must charge GST on the products that it sells unless these products are exempt from (free from) GST.

A business that applies to be registered to collect GST must also apply for an Australian Business Number (ABN).

An ABN is an 11 digit number that is issued to a business and helps the Australian Taxation Office ensure that the business pays the correct amount of tax.

GST is paid to the Australian Taxation Office (ATO) on either a monthly or a quarterly (every three months) basis.

#### **Example**

Sarah operates a painting business. Sarah's business is registered to charge GST. Sarah painted a house owned by Keith for \$4,100. Sarah must add 10% GST to the price that she will charge Keith.

Therefore, Keith will be charged:

Cost of painting	\$4,100
Add 10% GST	410
Amount payable	<u>\$4,510</u>

### Overview of the GST System

The following example provides an overview of how the GST system works.

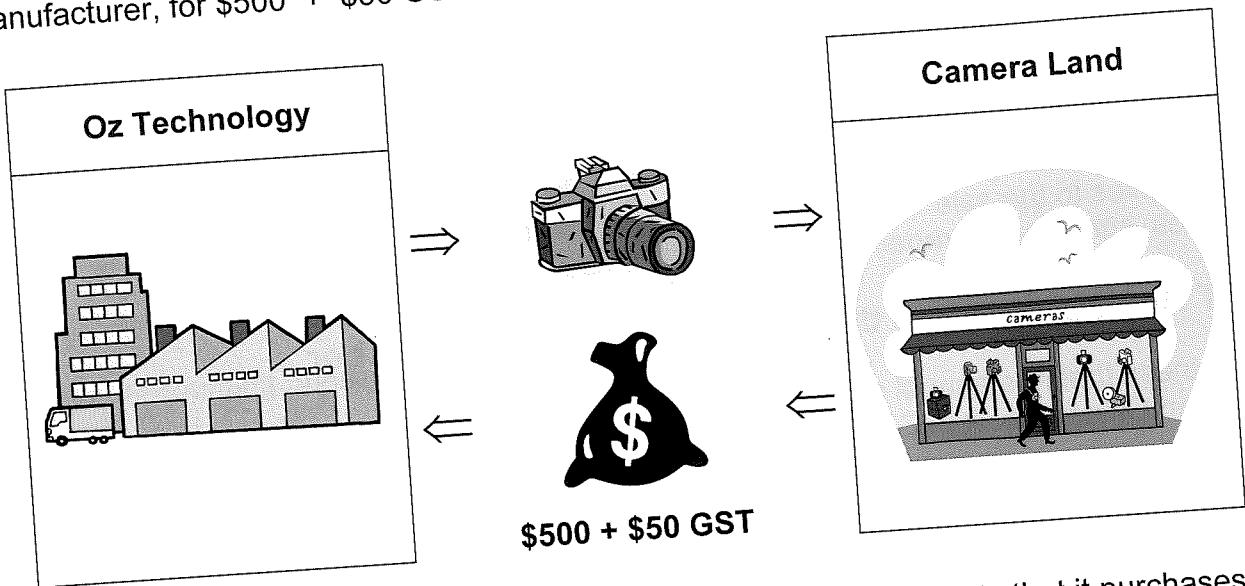
#### **Example**

Camera Land is a business that sells photographic equipment.

Camera Land is registered to collect GST.

**Transaction 1**

On 8 January 2019 Camera Land purchased a camera from Oz Technology, a camera manufacturer, for \$500 + \$50 GST = \$550 cash.



A business that is registered to collect GST and pays GST on products that it purchases can claim back any GST paid from the Australian Taxation Office (ATO).

The \$50 of GST paid by Camera Land can be claimed back from the ATO.

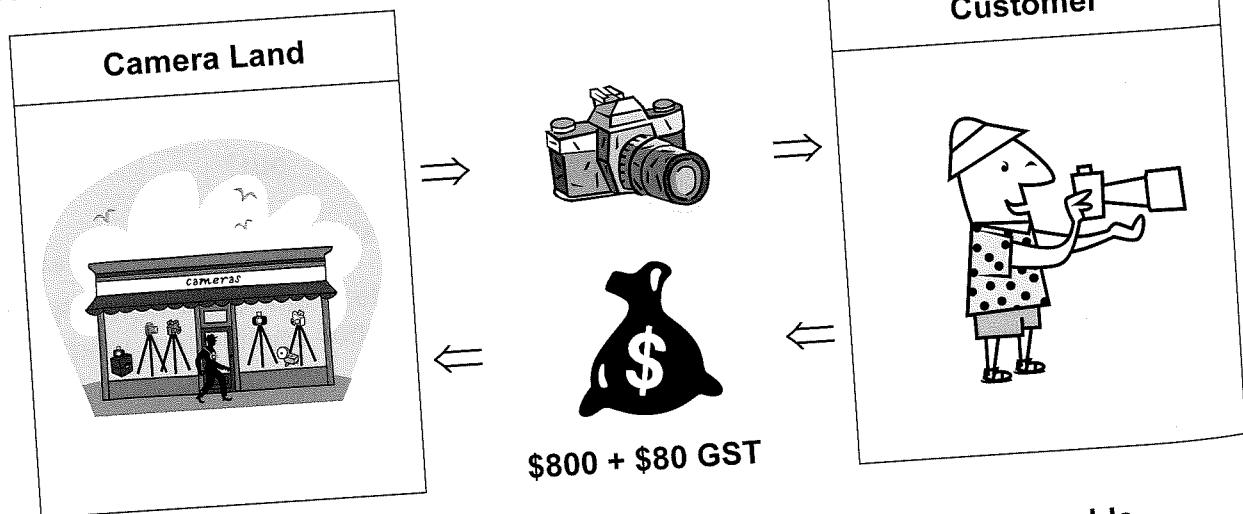
The GST paid that can be claimed back is known as a **GST input tax credit**.

The word "credit" is being used in the sense of a reduction in the amount of tax that has to be paid.

From chapter 6 onwards GST input tax credits will be shortened to GST credits.

**Transaction 2**

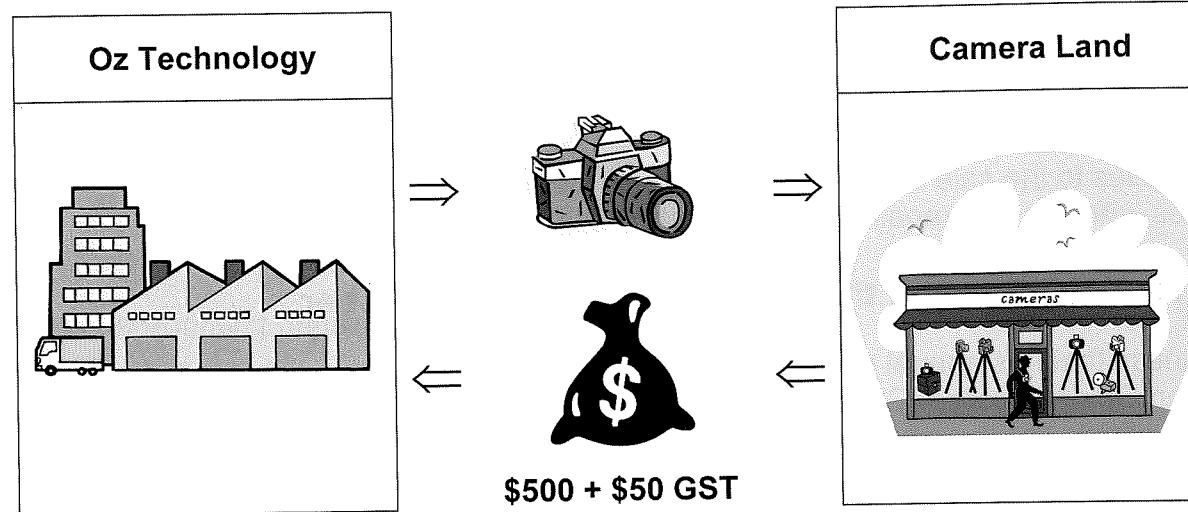
On 7 March 2019 Camera Land sold the camera to a customer for \$800 + \$80 GST = \$880 cash.



The \$80 of GST collected from the customer will be referred to as **GST payable**.

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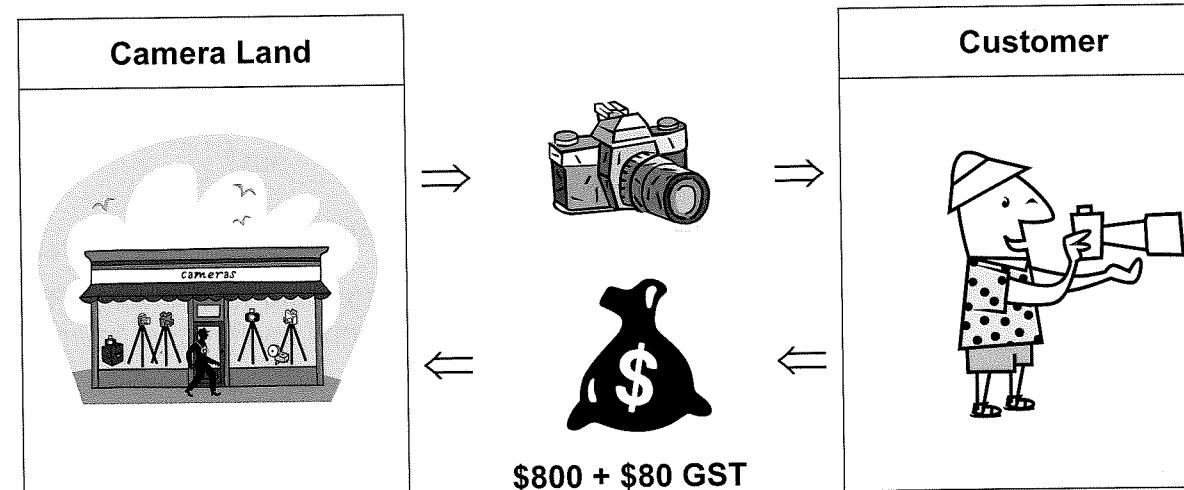
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### Transaction 2

On 7 March 2019 Camera Land sold the camera to a customer for \$800 + \$80 GST = \$880 cash.



The \$80 of GST collected from the customer will be referred to as **GST payable**.

### Example continued

These were the only two transactions of Camera Land for the months of January, February and March 2019.

The \$80 of GST payable less the \$50 of GST input tax credits must be sent to the Australian Taxation Office:

GST payable	\$80
Less GST input tax credits	50
GST to be paid to the ATO	\$30

A business that has sales of less than \$20 million per year can choose to send the GST to the Australian Taxation Office either every month or every quarter of the year.

A business that has sales of \$20 million or more per year must send the GST to the Australian Taxation Office every month.

Camera Land has annual sales of less than \$20 million and has chosen to send the GST to the Australian Taxation Office every quarter of the year.

In April 2019 Camera Land sent a cheque to the Australian Taxation Office for \$30 of GST.

### Taxable Supplies

A product on which GST is charged is known as a **taxable supply**.

$$10\% \times \boxed{\text{Taxable Supply}} = \text{amount of GST}$$

A taxable supply is defined very widely to include the selling price of:

- 1 goods, such as, a computer, a television, a motor vehicle or a book
- 2 services, such as, legal advice or the repair of a leaking tap.

A taxable supply has a number of characteristics.

- **A taxable supply must involve "furthering an enterprise".**

The expression "furthering an enterprise" means carrying out the activities of a business.

#### Example

The sale of a bed by a furniture shop involves "furthering an enterprise".

## Taxable Supplies continued

- A taxable supply is connected to Australia.**

The words "connected to Australia" includes a product that is:

- imported into Australia
- sold in Australia.
- or exported from Australia.

However, GST is not charged on products that are exported from Australia within 60 days of the date of sale or later if allowed by the Australian Taxation Office.

- A taxable supply is made for consideration.**

The word "consideration" is a legal term. It means the value given or received when a contract, a business agreement, is made.

A business must receive something of value in exchange for a product in order for that product to be classified as a taxable supply.

**Example 1**

A stationery shop sold a stapler to a customer for \$9 (before GST). The stapler is a taxable supply. The \$9 received in exchange for the stapler is the consideration.

**Example 2**

A stationery shop donated a computer to a school. The donation of the computer is not a taxable supply as the stationery shop has not received anything of value in exchange for the computer.

- A taxable supply is not a product that is exempt from GST.**

A few products are exempt from (free from) GST. These products are discussed in the next section.

**Comprehensive Example**

Computer Kingdom is a Perth business and is registered to collect GST. Computer Kingdom sold a printer to a customer in Bentley. The printer was sold for \$300 cash.

GST must be added to the sale of the printer because:

- Computer Kingdom is registered to collect GST
- the sale of the printer is a business transaction
- the sale of the printer occurred in Australia
- Computer Kingdom received consideration, \$300 cash, in exchange for the printer
- a printer is not a product that is exempt from GST.

## Taxable Supplies continued

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- the sale of the printer occurred in Australia
- Computer Kingdom received consideration, \$300 cash, in exchange for the printer
- a printer is not a product that is exempt from GST.

## GST Exempt Products

There are two types of products that are exempt from GST:

- GST free supplies
- input taxed supplies.

### GST Free Supplies

GST free supplies are products that have been specifically exempted from GST.

Examples of GST free supplies include:

- fresh food
- medical services
- education (primary school, high school and university)
- child care services
- exports.

A 10% GST is not added to exempt products. However, a supplier of these products can claim back from the Australian Taxation Office any GST paid on any goods and services purchased by that business.

**Example**

A shop that sells fresh fruit, such as, tomatoes and apples, will not charge GST on the fruit that it sells but can claim a GST input tax credit from the Australian Taxation Office for the GST paid on the electricity bill.

### Input Taxed Supplies

Input taxed supplies are products that GST is not charged on **and** it is not possible to claim a GST input tax credit for the purchase of goods and services associated with these products.

**Example 1**

The renting out of a house as a private home is an input taxed supply. The owner of the house does not add GST to the rent charged and cannot claim an input tax credit from the Australian Taxation Office for the GST charged on the repair of a leaking tap in the house.

You should note, that the renting out of an office is not input taxed. GST is charged on office rent and input tax credits can be claimed for items, such as, the repair of the office building.

**Example 2**

GST is not charged on services provided by a bank, such as, a bank loan or the supply of a bank statement to a customer.

## Calculating the GST

A business can calculate the amount of GST that it has to pay to the Australian Taxation Office each month or quarter of the year using one of two different methods.

These methods are known as the cash method and the accrual method. The accrual method will be demonstrated in this textbook.

The cash and accrual methods will result, over time, in the same amount of GST being paid to the Australian Taxation Office. However, the amount of GST paid to the ATO in any one month or quarter of the year may be different.

The amount of GST to be paid to the ATO is the difference between the GST payable and the GST input tax credits. For example:

GST payable	\$800
Less GST input tax credits	\$500
GST to be paid to the ATO	<u>\$300</u>

### Accrual Method

The **GST payable** in a month or quarter is:

- a the GST included in tax invoices sent to customers
- b the GST received from the **cash sale** of inventory and the **cash sale** of other property, such as, a motor vehicle sold for cash by a camera shop, and
- c the GST received from the **cash supply** of services.

The **GST input tax credits** in a month or quarter is:

- a the GST included in tax invoices received from suppliers
- b the GST charged on the **cash purchase** of inventory and the **cash purchase** of other property, such as, office furniture purchased for cash by a shoe store, and
- c the GST charged on services supplied to the business that are paid for in **cash**.

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The amount of GST to be paid to the ATO is the difference between the GST payable and the GST input tax credits. For example:

GST payable	\$800
Less GST input tax credits	\$500
GST to be paid to the ATO	\$300

### Accrual Method

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- c the GST charged on services supplied to the business that are paid for in **cash**.

### Example

Fridge and Washer World sells products on credit and for cash and uses the **accrual** method of calculating the GST. The business pays GST to the Australian Taxation Office every **month**.

#### GST payable transactions

✓	Sold a washing machine to K Chan on credit. Sent a tax invoice to K Chan in March 2019	\$700 + \$70 GST
✓	Sold a refrigerator for cash	\$900 + \$90 GST
	Received amount owing from L Smith. A washing machine had been sold to Smith in February 2019	\$600 + \$60 GST

#### GST input tax credits transactions

✓	Received a tax invoice for the supply of electricity	\$200 + \$20 GST
	Paid a telephone bill received in February 2019	\$100 + \$10 GST
✓	Purchased a washing machine for cash	\$500 + \$50 GST
✓	Purchased a refrigerator on credit from Oz Fridges. Received a tax invoice that will be paid in April 2019	\$400 + \$40 GST

### Required

Calculate the amount of GST owing to the ATO for March 2019 using the **accrual** method.

### Solution

#### Fridge and Washer World GST to be paid to the ATO for the month of March 2019

##### GST Payable

GST on tax invoice sent to K Chan	\$70
GST on cash sale of refrigerator	90
<i>Less</i>	160

##### GST Input Tax Credits

GST on tax invoice received from electricity supplier	20
GST on cash purchase of washing machine	50
GST on credit purchase of refrigerator	40
<b>GST to be paid to the ATO</b>	<b>\$50</b>

### Reporting GST

A business that has to pay GST will have to send to the Australian Taxation Office, along with a cheque, a statement setting out the GST payable and the GST input tax credits. This statement is known as a **business activity statement** or a BAS statement.

## Questions



Questions 1 to 8: introduction to the GST

### Question 1

A business must be registered with the Australian Taxation Office before it can charge GST.

True

False

### Question 2

A business with sales of \$95,000 or more per year must be registered to collect GST.

True

False

### Question 3

An Australian Business Number is an 11 digit number that is issued to a business and helps the Australian Taxation Office ensure that the business pays the correct amount of tax. An ABN is issued to all businesses that have registered to collect GST.

True

False

### Question 4

GST is charged on all products that are sold in Australia.

True

False

### Question 5

GST is charged at the rate of 15% on the selling price of a product.

True

False

### Question 6

GST is also charged on products imported into Australia but not on products exported from Australia.

True

False

## Questions



Questions 1 to 8: introduction to the GST

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A business with sales of \$95,000 or more per year must be registered to collect GST.

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An Australian Business Number is an 11 digit number that is issued to a business and helps the Australian Taxation Office ensure that the business pays the correct amount of tax. An ABN is issued to all businesses that have registered to collect GST.

True

False

### Question 4

GST is charged on all products that are sold in Australia.

True

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GST is charged at the rate of 15% on the selling price of a product.

True

False

### Question 6

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True

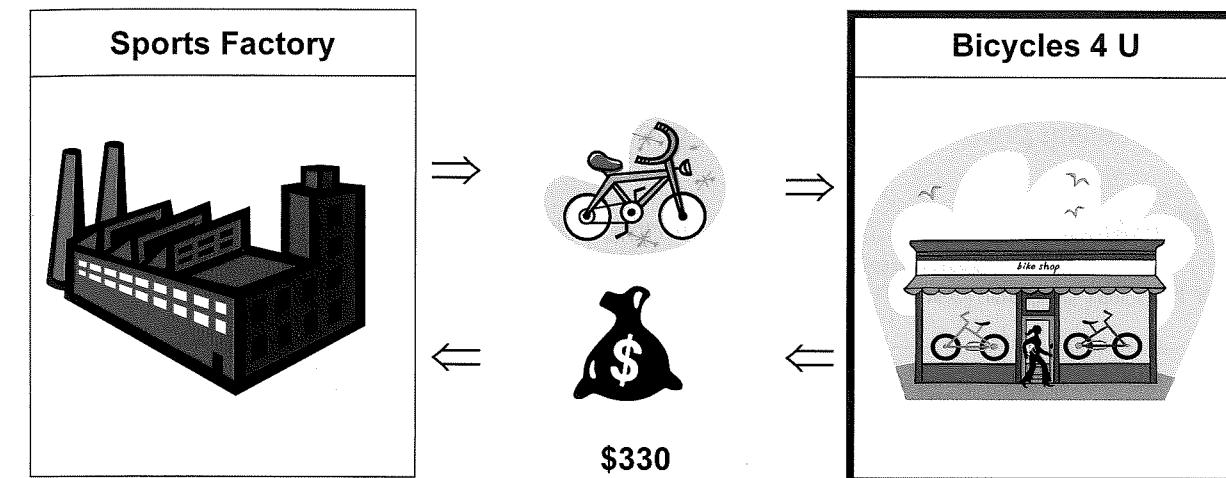
False

### Question 7

Bicycles 4 U is a new business that started on 2 January 2019. Bicycles 4 U is registered to collect GST and has decided to pay any GST owing to the Australian Taxation Office every three months.

#### Business Event A

In January 2019 Bicycles 4 U purchased a bicycle from the Sports Factory for \$300 + \$30 GST = \$330.



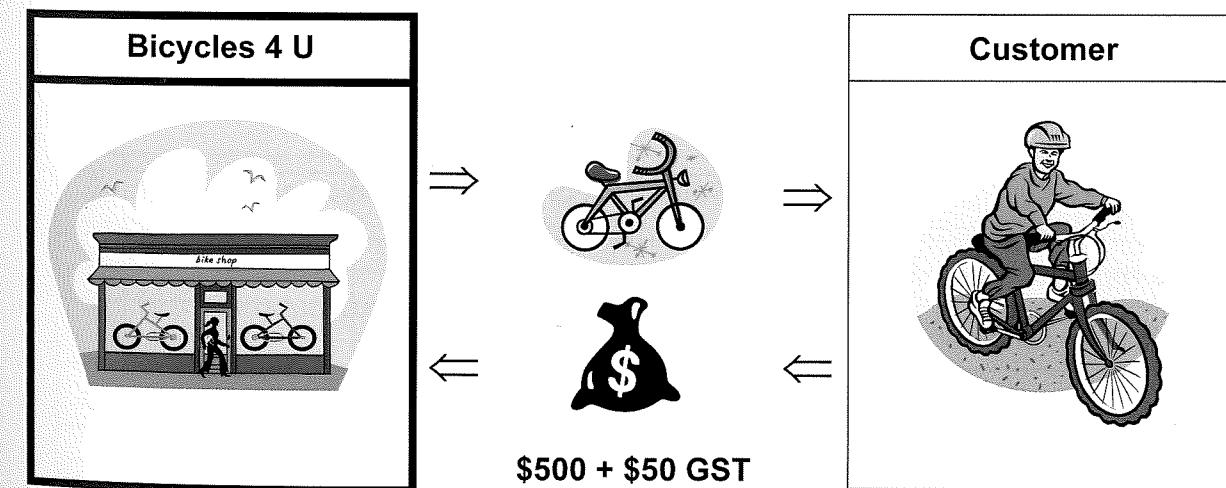
#### Required 1

From the viewpoint of **Bicycles 4 U**, the \$30 of GST paid to the Sports Factory is known as:

- a GST payable
- b a GST input tax credit

#### Business Event B

In March 2019 Bicycles 4 U sold a bicycle to a customer for \$500 + \$50 GST = \$550.



#### Required 2

From the **Bicycles 4 U** viewpoint, the \$50 of GST received from the customer is known as:

- a GST payable
- b a GST input tax credit

**Question 7 continued***Business Event C*

In April 2019 Bicycles 4 U paid the GST owing to the Australian Taxation Office (ATO) for the months of January, February and March 2019.

**Required 3**

The amount of GST that **Bicycles 4 U** paid to the ATO was:

- a \$50 GST payable – \$30 GST input tax credits = \$20
- b \$550 selling price – \$330 purchase price = \$220

**Question 8**

Below is a list of business products.

Product	GST is charged on the sale of this product	GST exempt (No GST charged)
Fresh fruit, such as, apples		
A computer		
The delivery of a parcel		
A medical service		
A motor vehicle		
Clothes		
A telephone service		
Pens and pencils		
A camera		
Electricity		
The repair of a tap		
A child minding service		
Food served in a restaurant		
Furniture to be exported		
Shoes		

**Required**

Identify the products on which GST will be charged. Tick the appropriate boxes.

**Question 7 continued****Business Event C**

In April 2019 Bicycles 4 U paid the GST owing to the Australian Taxation Office (ATO) for the months of January, February and March 2019.

**Required 3**

The amount of GST that **Bicycles 4 U** paid to the ATO was:

- a \$50 GST payable – \$30 GST input tax credits = \$20
- b \$550 selling price – \$330 purchase price = \$220

**Question 8**

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A motor vehicle		
Clothes		
A telephone service		
Pens and pencils		
A camera		
Electricity		
The repair of a tap		
A child minding service		
Food served in a restaurant		
Furniture to be exported		
Shoes		

**Required**

Identify the products on which GST will be charged. Tick the appropriate boxes.

**Questions 9 to 11: the concept of a taxable supply****Taxable Supplies**

The GST Act provides that a 10% GST is payable on a **taxable supply**.

$$10\% \times \boxed{\text{Taxable Supply}} = \text{amount of GST}$$

In questions 9 to 11 you will have to decide if a taxable supply has been made.

**Question 9**

Macro Computers is a business that sells computer equipment. Macro Computers is registered to collect GST. Below are four transactions of this business.

- a Sold a computer to a customer in Perth for \$2,000 cash.
- b Donated a computer to Como Secondary College valued at \$900.
- c Sold a computer to a business in New Zealand for \$6,000 cash. The computer was exported 5 days after the sale.
- d Sold a printer to a customer in Mandurah for \$100.

**Required**

Answer the following questions and decide if GST should be charged on transactions a to d.

1	Is this a business activity?	<input type="checkbox"/> Y	<input type="checkbox"/> N
2	Has the business received consideration (something of value)?	<input type="checkbox"/> Y	<input type="checkbox"/> N
3	Is the transaction connected to Australia?	<input type="checkbox"/> Y	<input type="checkbox"/> N
4	Is the product exempt from GST?	<input type="checkbox"/> Y	<input type="checkbox"/> N

**Conclusion**

Should 10% GST be added to this transaction?	<input type="checkbox"/> Y	<input type="checkbox"/> N
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**Question 10**

Tie Man manufactures ties and is registered to collect GST. Below are four transactions of this business.

- a Sold ties to Man Reborn, a clothing store in Bunbury, for \$300 cash.
- b Donated ties valued at \$200 to a high school.
- c Sold ties to a customer in the United States for \$1,600.
- d Sold ties to a customer in Perth for \$300.

**Required**

Identify the transactions that will be charged a 10% GST.

**Question 11**

Books Galore is registered with the Australian Taxation Office to collect GST.

Below are four transactions of this business.

- a Sold textbooks to Albany Senior High School \$600.
- b Sold books to a customer in England \$800.
- c Sold textbooks to a customer in Geraldton for \$700.
- d Donated books to a charity, Good Samaritan Industries, valued at \$300.

**Required**

Identify the transactions that will be charged a 10% GST.

1	Is this a business activity?	Y	N
2	Has the business received consideration (something of value)?	Y	N
3	Is the transaction connected to Australia?	Y	N
4	Is the product exempt from GST?	Y	N

**Conclusion**

Should 10% GST be added to this transaction?	Y	N
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**Required**

Identify the transactions that will be charged a 10% GST.

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2	Has the business received consideration (something of value)?	<input type="checkbox"/> Y	<input type="checkbox"/> N
3	Is the transaction connected to Australia?	<input type="checkbox"/> Y	<input type="checkbox"/> N
4	Is the product exempt from GST?	<input type="checkbox"/> Y	<input type="checkbox"/> N

**Conclusion**

Should 10% GST be added to this transaction?	<input type="checkbox"/> Y	<input type="checkbox"/> N
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Questions 12 to 19: the accrual method of calculating the GST owing to the ATO

**Question 12**

The following tax invoice was issued by Kalgoorlie Traders:

Number 90801	Date 3 April 2019	
<b>Tax Invoice</b>		
<b>Kalgoorlie Traders</b>		
1 Gold Street		
KALGOORLIE WA 6430		
ABN 66 178 243 169		
<i>Customer</i>		
L Howard		
1 Main Street		
ESPERANCE WA 6450		
Quantity	Description	Total
1	Star Bicycle	400
	10% GST	40
	<b>Total</b>	<b>\$440</b>

**Other transactions**

- Apr 5 Sold inventory for cash \$790 + \$79 GST = \$869.
- 6 Sent a tax invoice to a customer with inventory delivered on credit for \$260 + \$26 GST = \$286.
- 10 Received \$100 + \$10 GST = \$110 from a customer. The customer had been sent a tax invoice in March 2019.
- 11 Received a tax invoice with inventory supplied to us on credit for \$500 + \$50 GST = \$550. This tax invoice will be paid in May 2019.
- 15 Paid a creditor \$190 + \$19 GST = \$209. A tax invoice had been received from this creditor in March 2019.
- 18 Sold inventory for cash \$710 + \$71 GST = \$781.
- 21 Received a tax invoice from Telstra for telephone service supplied \$130 + \$13 GST = \$143.
- 30 Purchased inventory for cash \$100 + \$10 GST = \$110.

**Required**

Calculate the GST payable to the ATO for April 2019 using the accrual method.

**Solution Check**

GST owing for April 2019 = \$143 (accrual method)

**Question 13**

Transactions of Book Universe for November 2026.

- Nov 1 Sold inventory on credit. Tax invoice issued for \$880 + \$88 GST = \$968.
- 4 Purchased inventory on credit from VIP Books. The tax invoice received was for \$670 + \$67 GST = \$737.
- 5 Cash sale of inventory \$730 + \$73 GST = \$803.
- 8 Purchased inventory for cash \$500 + \$50 GST.
- 9 Received a tax invoice from Synergy for \$100 + \$10 GST = \$110. The electricity bill will be paid in December 2026.
- 16 Paid telephone bill of Optus \$150 + \$15 GST = \$165. A tax invoice had been received in October 2026.
- 24 Purchased office furniture on credit from Furniture Land. The tax invoice received was for \$200 + \$20 GST = \$220.
- 30 Received \$300 + \$30 GST = \$330 from a customer. A tax invoice had been sent to this customer in October 2026.

**Required**

Calculate the GST payable to the ATO for November 2026 using the accrual method.

**Question 14**

Transactions of Phone Talk for July 2022.

- Jul 2 Received a tax invoice for repair of a motor vehicle \$190 + 19 GST = \$209.
- 6 Purchased inventory for cash \$320 + \$32 GST = \$352.
- 9 Sold inventory for cash \$900 + \$90 GST = \$990.
- 16 Received a tax invoice from Qantas for airfare to marketing conference in Adelaide \$340 + \$34 GST = \$374.
- 18 Paid telephone bill of Telstra \$150 + \$15 GST = \$165. A tax invoice had been received in June 2022.
- 25 Purchased office equipment and paid cash \$220 + \$22 GST = \$242.
- 29 Credit sale of inventory. Tax invoice sent for \$500 + \$50 GST = \$550.
- 31 Paid tax invoice from Spring Cleaners, dated 1 June 2022, for the amount of \$130 + \$13 GST = \$143.

**Required**

Calculate the GST payable to the ATO for July 2022 using the accrual method.

**Solution Check**

GST owing for July 2022 = \$33 (accrual method)

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**Required**

Calculate the GST payable to the ATO for July 2022 using the accrual method.

**Solution Check**

GST owing for July 2022 = \$33 (accrual method)

**Question 15**

Transactions of Toy Land for June 2024.

- Jun 1 Sold inventory for cash \$270 + \$27 GST = \$297.
- 3 Received amount owing from a customer \$260 + \$26 GST = \$286. A tax invoice had been sent to the customer in May 2024.
- 7 Sold inventory on credit. Sent the customer a tax invoice for the amount of \$320 + \$32 GST = \$352.
- 10 Received a tax invoice from Optus for telephone service. The amount of the bill was \$340 + \$34 GST = \$374.
- 14 Paid an electricity bill of Synergy for \$280 + \$28 GST = \$308. A tax invoice had been received in May 2024.
- 17 Sold inventory on credit. The tax invoice issued to the customer was for the amount of \$410 + \$41 = \$451.
- 22 Received tax invoice from a plumber for \$150 + \$15 GST = \$165. The tax invoice will be paid in July 2025.
- 30 Received the following tax invoice along with inventory supplied on credit:

Number 6428	Date 30 June 2024	
<b>Tax Invoice</b>		
		
<b>The Sports Factory</b> 1 Athlete Drive ALBANY WA 6330 ABN 81 542 347 297		
<i>Customer</i> Toy Land 6 Rocking Horse Road PERTH WA 6000		
Quantity	Description	Total
30	Basket balls	900
	10% GST	90
	<i>Total</i>	<b>\$990</b>

**Required**

Calculate the GST refund due from the ATO for June 2024 using the accrual method.

**Solution Check**

GST refund for June 2024 = \$39 (accrual method)

**Question 16**

Cheap Furniture Removals had the following transactions for March 2021:

- Mar 1 Sent a tax invoice to a customer for transporting furniture from Sydney to Perth  
 $\$700 + \$70 \text{ GST} = \$770$ . Payment is due in April 2021.
- 7 Transported photocopier from Malarga to Melville and received a cash fee of  
 $\$110 + \$11 \text{ GST} = \$121$ .
- 8 Paid a tax invoice received from telephone service provider in February 2021.  
The amount of the tax invoice was  $\$140 + \$14 \text{ GST} = \$154$ .
- 10 Sent the following tax invoice to a customer:

Number 7314	Date 10 March 2021	
 <p><b>Tax Invoice</b>  <b>Cheap Furniture Removals</b>  1 Here to There Place  PERTH WA 6000  ABN 98 145 269 341</p>		
<p><i>Customer</i></p> <p>A House  1 Suburban Road  CLAREMONT WA 6010</p>		
<i>Description</i>	<i>Total</i>	
Transport of furniture from Adelaide to Perth	530	53
10% GST	$\$583$	
<b>Total</b>		
Payment due in 30 days.		

- 14 Received a tax invoice from electricity supplier, Synergy, for the amount of  
 $\$240 + \$24 \text{ GST} = \$264$ . Payment due in 30 days.
- 21 Delivered desk to home of a customer and received a cash fee of  $\$60 + \$6 \text{ GST} = \$66$ .
- 25 Purchased stationery for  $\$310 + \$31 \text{ GST} = \$341$  and paid cash.
- 31 Paid a tax invoice received from photocopier repair service in February 2021.  
The amount of the tax invoice was  $\$100 + \$10 \text{ GST} = \$110$ .

**Required**

Calculate the GST payable to the ATO for March 2021 using the accrual method.

**Solution Check**

GST owing for March 2021 = \$85 (accrual method)

**Question 16**

Cheap Furniture Removals had the following transactions for March 2021:

- Mar 1 Sent a tax invoice to a customer for transporting furniture from Sydney to Perth  
 $\$700 + \$70 \text{ GST} = \$770$ . Payment is due in April 2021.
- 7 Transported photocopier from Malarga to Melville and received a cash fee of  
 $\$110 + \$11 \text{ GST} = \$121$ .
- 8 Paid a tax invoice received from telephone service provider in February 2021.  
The amount of the tax invoice was  $\$140 + \$14 \text{ GST} = \$154$ .
- 10 Sent the following tax invoice to a customer:

Number 7314	Date 10 March 2021
 <b>Tax Invoice</b> <b>Cheap Furniture Removals</b> 1 Here to There Place PERTH WA 6000 ABN 98 145 269 341	
<i>Customer</i>	
A House 1 Suburban Road CLAREMONT WA 6010	
Description	Total
Transport of furniture from Adelaide to Perth	530
10% GST	53
<b>Total</b>	<b>\$583</b>
Payment due in 30 days.	

- 14 Received a tax invoice from electricity supplier, Synergy, for the amount of  
 $\$240 + \$24 \text{ GST} = \$264$ . Payment due in 30 days.
- 21 Delivered desk to home of a customer and received a cash fee of  $\$60 + \$6 \text{ GST} = \$66$ .
- 25 Purchased stationery for  $\$310 + \$31 \text{ GST} = \$341$  and paid cash.
- 31 Paid a tax invoice received from photocopier repair service in February 2021.  
The amount of the tax invoice was  $\$100 + \$10 \text{ GST} = \$110$ .

**Required**

Calculate the GST payable to the ATO for March 2021 using the accrual method.

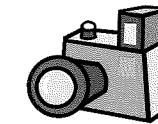
**Solution Check**

GST owing for March 2021 = \$85 (accrual method)

**Question 17**

Transactions of Camera World for March 2019.

The following tax invoice was sent to a customer who purchased a camera on credit:

Number 3490	Date 2 March 2019	
<b>Tax Invoice</b>		
 <b>Camera World</b> 1 Photo Drive PERTH WA 6000 ABN 13 742 612 491		
<i>Customer</i>		
<b>Bob Stanley College</b> 1 Learner Road PERTH WA 6000		
Quantity	Description	Total
1	Oz Camera Model A14 Add 10% GST	680 68
<b>Total Payable</b>		<b>\$748</b>

**Other transactions**

- Mar 3 Sold cameras for cash  $\$800 + \$80 \text{ GST} = \$880$ .
- 4 Sold inventory (cameras) on credit to a customer. A tax invoice was sent for the amount of  $\$100 + \$10 \text{ GST} = \$110$ .
- 5 Received amount owing from a customer, L Davis. A tax invoice had been sent to Davis on 2 February 2019 for  $\$900 + \$90 \text{ GST} = \$990$ .
- 9 Received a tax invoice for the supply of electricity  $\$200 + \$20 \text{ GST} = \$220$ . The electricity bill will be paid in April 2019.
- 15 Purchased camera for cash  $\$400 + \$40 \text{ GST} = \$440$ .
- 24 Paid a telephone bill. A tax invoice for the telephone service was received on 2 February 2019 for  $\$300 + \$30 \text{ GST} = \$330$ .
- 30 Paid a creditor  $\$600 + \$60 \text{ GST} = \$660$ . The tax invoice had been received from the creditor in January 2019.

**Required**

Calculate the GST owing to the ATO for March 2019 using the accrual method.

**Solution Check**

GST owing for March 2019 = \$128

**Question 18**

Transactions of Lighting House for November 2026.

Nov 1 Sent a tax invoice to a customer for \$790 + \$79 GST = \$869. The money owing is due to be received in December 2026.

5 Made cash sales of inventory (lights) \$340 + \$34 GST = \$374.

9 Paid insurance bill \$290 + \$29 GST = \$319.

13 Received a tax invoice from a supplier of inventory for the amount of \$530 + \$53 GST = \$583. This bill will be paid in December 2026.

24 Paid a tax invoice received from a supplier of inventory in October 2026. The tax invoice amount was \$740 + \$74 GST = \$814.

30 Received amount owing from a customer \$900 + \$90 GST = \$990.

**Required**

Calculate the GST owing to the ATO for November 2026 using the accrual method.

**Solution Check**

GST owing for November 2026 = \$21

**Question 19**

Transactions of A2B Couriers for August 2025.

Aug 1 Delivered a parcel and received a cash fee of \$100 + \$10 GST.

6 Sent a tax invoice to a customer for parcel delivery service \$240 + \$24 GST = \$264. The amount owing should be received in September 2025.

9 Paid telephone bill for July 2025 for \$370 + \$37 GST = \$407.

14 Received \$660 + \$66 GST = \$726 from a customer for delivering parcel in July 2025.

21 Received a tax invoice from electricity supplier Synergy for \$180 + \$18 GST = \$198. The electricity bill will be paid in September 2025.

25 Paid wages of employees \$670.

28 Purchased petrol and paid cash \$80 + \$8 GST = \$88.

31 Received cash fee for delivering document \$200 + \$20 GST = \$220.

**Required**

Calculate the GST owing to the ATO for August 2025 using the accrual method.

**Solution Check**

GST owing for August 2025 = \$51