Business Activity Statement

Instructions

THE NEW TAX SYSTEM Make it your business

Australian Taxation Office

Business Activity Statement

Instructions

Privacy

All information, including personal information, collected by the Australian Taxation Office (ATO) is protected by the *Taxation Administration Act 1953;* the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997;* and the *Privacy Act 1988*.

The collection of the information on the Business Activity Statement is authorised by the following laws:

- *A New Tax System (Australian Business Number) Act 1999*
- *A New Tax System (Goods and Services Tax) Act 1999*
- *A New Tax System (Goods and Services Tax Transition) Act 1999*
- *A New Tax System (Luxury Car Tax) Act 1999*
- *A New Tax System (Wine Equalisation Tax) Act 1999*
- *A New Tax System (Wine Equalisation Tax and Luxury Car Tax Transition) Act 1999*
- *Income Tax Assessment Act 1936*
- *Income Tax Assessment Act 1997*
- *Taxation Administration Act 1953*
- *Fringe Benefits Tax Assessment Act 1986*.

This information will help the ATO administer the taxation laws. It may be passed on only to third parties authorised by law to receive it. They include the Australian Bureau of Statistics and the Australian Customs Service, and may include a range of State and Territory government agencies for purposes relating to goods and services tax and wine equalisation tax administration.

Australian Taxation Office

Michael Carmody
Commissioner of Taxation and Registrar of the Australian Business Register

Dear Business Manager

From 1 July 2000 Australia will have a new tax system. Under The New Tax System, businesses and other enterprises can report most of their tax obligations and entitlements on a new form called the Business Activity Statement. For most businesses, this reduces the number of times they have to report to the Australian Taxation Office (ATO).

The Business Activity Statement is more than a new simplified system of reporting tax obligations and entitlements for business – it brings together the key elements of the first phase of tax reform.

The Business Activity Statement replaces several ATO forms which businesses had to lodge before The New Tax System was introduced.

It allows businesses to report and remit their obligations for:

- goods and services tax (GST)
- fringe benefits tax instalments, and
- Pay As You Go (PAYG) instalments and withholding
- deferred company and fund instalments for 1999–2000.

Businesses also use the Business Activity Statement to report and remit their obligations for the new wine equalisation tax and luxury car tax, and to claim a special credit for wholesale sales tax.

The Business Activity Statement and accompanying instructions have been developed in extensive consultation with business and tax practitioners. While most businesses will not need to use all sections of the instructions, the ATO has developed one comprehensive set of instructions in response to requests from business and tax practitioners.

Protection for businesses using the *Business Activity Statement Instructions*

The *Business Activity Statement Instructions* (the instructions) offer you the following protections if we ask you to explain something on your Business Activity Statement.

Protections afforded by tax law

Under the *Taxation Administration Act 1953*, any written ruling or advice given or published by the Commissioner in respect of GST, luxury car tax and wine equalisation tax protects taxpayers who have followed the information provided. Rulings or advice can be issued in the form of fact sheets, information booklets, advice manuals and bulletins.

In the event that there is a change in the law or the ATO's position on a particular matter, you may be protected in respect of what you have done up to the date of that change. If you have reasonably relied on a ruling which has later been changed and, by relying on the earlier ruling, you have underpaid an amount of GST, luxury car tax or wine equalisation tax, you will not be liable for the shortfall prior to the later ruling. Similarly, you will not be liable to repay an amount overpaid by us as a refund in these circumstances. Equally, no penalties or interest will apply.

The accompanying instructions are a public ruling and are subject to these protections.

TAXES—Building a better Australia

General protections

The following general protections relate to the PAYG withholding, PAYG instalments, fringe benefits tax instalments and deferred company/fund instalments for 1999–2000 sections of the Business Activity Statement.

These general protections are similar to those provided by the *TaxPack* guarantee. They apply where you prepare your own Business Activity Statement. If you use the instructions properly we will not charge you a penalty if you make an honest mistake in preparing your Business Activity Statement for the above obligations, although we may ask you to pay interest on any missing tax.

Nevertheless, if you follow the instructions but make a mistake because the instructions are not accurate, we will not charge you a penalty or interest on any missing tax.

You should take care to ensure that the information in this publication is the latest advice from the ATO. Where a change occurs, we will be taking all steps to alert taxpayers to that change.

If you don't use the instructions properly when preparing your Business Activity Statement, you are not covered by these protections.

Transitional lodgment and payment extensions

To ease businesses into the new system and give small business, in particular, time to become familiar with the Business Activity Statement and set up systems to meet their lodgment requirements, I am offering a transitional lodgment and payment program for quarterly activity statements. This is known as the 3-2-1-0 initiative.

The 3-2-1-0 initiative is a result of consultation with professional bodies working with the ATO on transitional issues. It extends the period for lodgment for the first three quarterly Business Activity Statements by three, two and one weeks respectively.

Of course, Business Activity Statements can be lodged and payments made at any time during the period of lodgment, and I encourage businesses to consider lodging before the extended due date. The following table sets out the **latest** date businesses can lodge the first three quarterly Business Activity Statements and make any payments under the 3-2-1-0 initiative.

Quarter	Latest Business Activity Statement lodgment and payment due date
1st quarter (1 July 2000 to 30 September 2000)	11 November 2000
2nd quarter (1 October 2000 to 31 December 2000)	4 February 2001
3rd quarter (1 January 2001 to 31 March 2001)	28 April 2001
4th quarter (1 April 2001 to 30 June 2001)	21 July 2001
Future quarters	21 days after the end of each quarter

Please note that the 3-2-1-0 initiative does not apply to businesses that:

- are large PAYG withholders, or
- are required to, or elect to, lodge monthly activity statements, or
- have approval to adopt a substituted accounting period for income tax purposes.

Michael Carmody
Commissioner of Taxation and
Registrar of the Australian Business Register

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About these instructions

The Australian Taxation Office (ATO) has developed the *Business Activity Statement Instructions* to help you fill in your activity statement at the end of every reporting period. You should keep these instructions as a reference. If you need a new copy, contact the ATO on **13 24 78**.

These instructions are a guide to assist you to complete your Business Activity Statement and may not cover all potential circumstances as prescribed by the law. Please get help from the ATO or a professional tax practitioner if you feel these instructions do not fully cover your circumstances.

When we refer to 'you' in these instructions we are referring to you as an 'entity'.

Some of the terms used may be new to you. They are shown in **bold** and explained when they are first used. They are also explained in the list of definitions on page 139.

These instructions incorporate measures before the Parliament at the time of printing. **Such measures are shown in this style throughout the instructions.*

To help you use these instructions...

- Use the index at the back of the instructions to help you find information that is relevant to your circumstances.
- Have on hand all the necessary documentation and records for the period you are reporting on.
- The instructions are set out in sections that correspond to the main reporting sections on the activity statement. If a section does not apply to you, go to the next section.
- Within each section, work through the items that apply to you. If an item does not apply, go to the next item, unless you are directed to a specific item.
- Use the steps outlined on pages 104 and 132 to work out how much you owe the ATO or how much the ATO owes you.
- Use the checklists at the end of each section to check that you have provided all the necessary information on your activity statement.

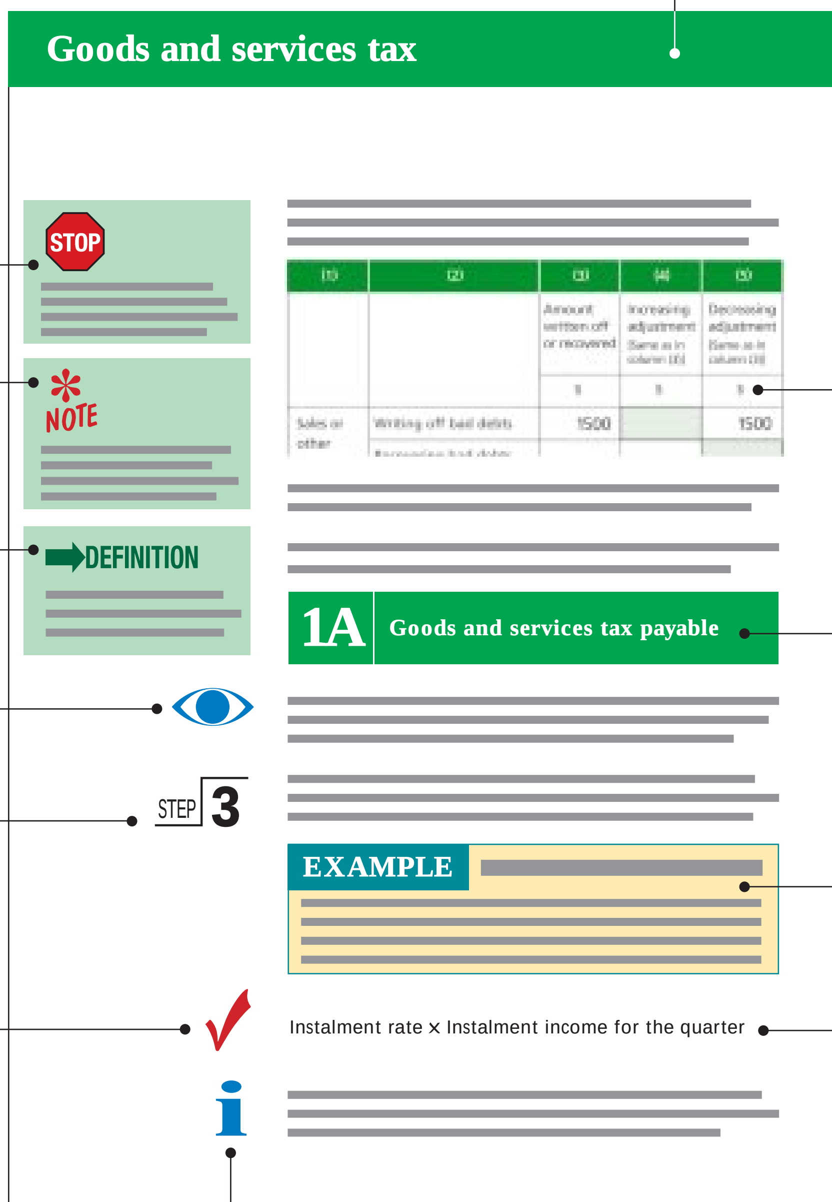
Further information

You can obtain more information about how to fill in your activity statement by contacting the ATO on **13 24 78**. A full list of contacts is on page 138.

How to use these instructions

The information you need to fill in your activity statement has been set out as follows in these instructions.

Shows which section of the instructions you are reading.



Read this information carefully before completing the item.

This is additional information that will help you.

Explains important terms relevant to the item.

Indicates information you need to know before you complete the item.

Follow the steps to work through the instructions.

Make sure you have completed the item.

Use the worksheets to help you work out your liabilities and entitlements.

Match the item number and label on your activity statement.

The examples help you understand the instructions.

Equations show you how to work out amounts.

Tells you how to find extra information.

Taxpayers' Charter and complaints

Taxpayers' Charter – an overview

The Taxpayers' Charter was developed by the ATO in consultation with the general public, business and community groups, tax practitioners, ATO staff and other government agencies. The Taxpayers' Charter outlines:

- your rights as a taxpayer under the law
- the service and other standards you can expect from the ATO
- what you can do if you are dissatisfied with ATO decisions, actions or service or if you wish to complain, and
- your important tax obligations.

Need more information?

Copies of the Taxpayers' Charter and explanatory booklets are available from the ATO's website at **www.ato.gov.au** or by ringing our distribution service on **1300 720 092** (for the cost of a local call).

Complaints

If you are not satisfied with a particular action, decision or service of the ATO, you have the right to complain, as set out in the Taxpayers' Charter.

The Problem Resolution Service

The Problem Resolution Service (PRS) has been set up to help resolve your complaints about the ATO. It operates independently of ATO business areas and reports to the Commissioner of Taxation. The PRS can put you in touch with the right areas of the ATO to deal with your complaint. It can also review your complaint and recommend how the problem may be resolved.

If you have a complaint about the ATO, the PRS suggests that you:

- first try to sort it out with the tax officer with whom you are dealing
- if you are not satisfied, talk to the tax officer's manager
- if you are still not satisfied, call the PRS **Complaints Hotline** on **13 28 70** (for the cost of a local call).

You can also write to the PRS at Locked Bag 3120, Melbourne 3001.

The Commonwealth Ombudsman

The Commonwealth Ombudsman's Office has wide powers to conduct investigations into complaints about Commonwealth Government agencies, including the ATO.

The Ombudsman's Special Tax Adviser can investigate most complaints relating to tax administration and may recommend that the ATO provides a solution or remedy to your problem. Investigations are independent, private, informal and free of charge.

You can contact the Commonwealth Ombudsman's Office by ringing the National Complaints Line on **1300 362 072** (for the cost of a local call) or by visiting your nearest Ombudsman's Office (located in all Australian capital cities). You can also visit the Commonwealth Ombudsman's website at **www.comb.gov.au** or write to:

The Special Tax Adviser
Commonwealth Ombudsman
GPO Box 442 Canberra ACT 2601

The New Tax System starts on 1 July 2000. A major benefit of the new system for business is streamlined reporting to the Australian Taxation Office (ATO). Under the new system, businesses and other entities registered for goods and services tax (GST) report most of their tax obligations and entitlements on a new form called a Business Activity Statement.

What is a Business Activity Statement?

A Business Activity Statement is the single form you fill in and return to the ATO to report your obligations and entitlements relating to:

- GST
- wine equalisation tax
- luxury car tax
- Pay As You Go (PAYG) amounts withheld from payments
- PAYG instalments
- deferred company and fund instalments for 1999–2000, and
- fringe benefits tax instalments.

You also use an activity statement to claim a special credit for wholesale sales tax paid on eligible stock on hand at the start of 1 July 2000. You do this on an activity statement for a tax period that ends before 7 January 2001 (see page 100).

The Business Activity Statement is the approved form for reporting the above obligations. It replaces a wide range of forms which businesses and other entities had to fill in to report their tax obligations and entitlements to the ATO before the introduction of The New Tax System on 1 July 2000.

However, you still need to lodge an annual income tax return for your business and an annual fringe benefits tax return, if applicable.

Who should use a Business Activity Statement?

All entities with any of the above tax obligations and entitlements must complete an activity statement at the end of each **tax period** or reporting period.

> **DEFINITION**
>
> A **tax period** is the length of time for accounting for GST on your activity statement. It may be quarterly or monthly.

If you do not have a GST, wine equalisation tax or luxury car tax obligation, the ATO will send you an Instalment Activity Statement and the *Instalment Activity Statement Instructions* instead of a Business Activity Statement.

How do you receive your Business Activity Statement?

The ATO will send you your activity statement before you need to lodge it. Your activity statement is personalised to your business, with some parts already filled in to save you time and effort. Each activity statement has a unique document identification number.

How often do you lodge your Business Activity Statement?

The ATO will pre-print information on your activity statement to show when you have to lodge and the period covered by the activity statement for each of your obligations.

If your annual turnover is less than $20 million, you can lodge your activity statement quarterly or monthly to report your GST. Quarterly tax periods are periods of three months ending on 30 September, 31 December, 31 March and 30 June. Monthly tax periods end on the last day of each calendar month.

However, if your annual turnover is $20 million or more, you must lodge your activity statement and pay any amount owing electronically every month, unless the Commissioner of Taxation allows you to lodge or pay in another way. You must also lodge monthly for GST if your income tax year does not end on 30 June, and in some other limited circumstances.

You must also lodge your activity statement monthly to report your PAYG withholding liability if you are a medium withholder, that is, you withheld more than $25 000 but not more than $1 million in the previous financial year.

You lodge your activity statement every quarter to report your PAYG instalment and fringe benefits tax instalment. You also lodge your activity statement every quarter to report your PAYG withholding liability if you are a small withholder, that is, you withheld $25 000 or less in the previous financial year.

The following table is a general summary of how often you need to lodge.

NOTE

See the *Guide to GST*, available from the ATO on **13 24 78**, for full details of when you must lodge a monthly activity statement for GST purposes.

Liability	How often you lodge an activity statement	
	Monthly	***Quarterly***
GST		
Annual turnover less than $20 million (You can choose to lodge monthly)		✓
Annual turnover $20 million or more	✓	
Entities whose income tax year does not end on 30 June	✓	
PAYG withholding		
Annual withholding obligations $25 000 or less (You can choose to lodge monthly)		✓
Annual withholding obligations more than $25 000 but do not exceed $1 million*	✓	
PAYG instalment		✓
FBT instalment*		✓

* If you withhold more than $1 million a year you pay your withholding liability approximately a week after you withhold. See the *Guide to Pay As You Go for business* for payment dates.

**If your FBT liability for the previous year was less than $3000, you are not required to pay quarterly instalments.

This means, for example, that if you report your GST and PAYG withholding monthly you receive a monthly activity statement at the end of each month (see pages 14–15 for an example of a monthly activity statement). Every third month (at the end of each quarter) you receive a quarterly activity statement that asks you to also report your quarterly PAYG instalment, deferred company or superannuation fund instalment and fringe benefits tax instalment (see pages 12–13 for an example of a quarterly activity statement).

If you do not have any obligations or entitlements to report on your activity statement for a particular reporting period, you must sign and date your activity statement and return it to the ATO by the due date, or contact the ATO on **13 24 78**. However, if an instalment rate is pre-printed at T2 on your activity statement, you must write $0 at T1 if you do not have any instalment income for the period.

When do you lodge your Business Activity Statement?

Your activity statement, together with any payment due, must reach the ATO on or before the 21st day of the month after your monthly or quarterly tax period ends, or on or before the 21st day of the month if your tax period ends during the first seven days of the month. If you are lodging by mail, make sure you allow enough time for your activity statement and any payment to reach the ATO by the due date.

How do you lodge your Business Activity Statement?

The ATO has developed a facility to enable you to lodge your activity statement directly with the ATO via the internet (see below for details).

**Registered tax agents, accountants who are members of recognised professional associations, and bookkeepers working under the direction of tax agents can help you prepare and lodge your activity statement.* Most tax agents can lodge your activity statement electronically.

STOP

**Amendments allowing people other than registered tax agents to provide Business Activity Statement services were introduced into the Parliament on 11 May 2000.*

You can also mail your completed activity statement to the ATO using the pre-addressed envelope provided.

When mailing your activity statement, you must use the official form provided by the ATO. Many commercial accounting software products can produce a document very similar in appearance to the official activity statement. While this document is fine for purposes such as record keeping, it must not be mailed to the ATO as a substitute for the official form.

How do you lodge your Business Activity Statement electronically?

The ATO has developed an internet-based electronic commerce system that enables you to lodge your activity statement electronically. In time, you will be able to make other business tax transactions through this system.

This facility is available 24 hours a day, 7 days a week, and provides a secure and efficient service that saves you time and reduces your administration costs.

Many people are concerned that the internet is not safe for conducting business transactions and transferring confidential information. They are also concerned that the parties with whom they are doing business are authentic and that transactions are not repudiated. To eliminate these concerns the ATO electronic system uses an internationally accepted technology known as 'public key technology'.

If you indicated that you wanted to use the ATO's electronic commerce system when you registered for The New Tax System, you will be sent information outlining how the ATO system works, the use and operation of public key technology, and what you need to do to deal with the ATO electronically. This information is also available from the ATO tax reform website at **www.taxreform.ato.gov.au** or by contacting the ATO on **13 24 78**.
If you need any technical help in using the internet-based electronic commerce system, contact the ATO on **1300 139 373**.

If you have chosen to lodge your activity statement electronically, we have assumed you will also pay electronically. Details on the different ways you can pay electronically are on pages 135–136. If you prefer to pay at Australia Post or by mail, you can order a booklet of personalised payment advice forms by contacting the ATO on **13 24 78**.

How do you work out how much you owe or are owed by the ATO?

In completing your activity statement you work out a net amount which you either owe to the ATO or are owed by the ATO. These instructions and the accompanying worksheets will help you fill in your activity statement and work out your net amount payable or owing.

An amount owing to you will be refunded only after it has been offset against any other outstanding tax debts. The refund will not be paid if you have an outstanding activity statement that may affect the amount to be refunded.

What amounts do you show on your Business Activity Statement?

When filling in your activity statement, show all amounts in Australian currency. For each amount to be shown on your activity statement, show only the whole dollar amount. Do not show the cents. For example, show $5684.69 as $5684. Do not write a minus sign (–) to show a negative amount on your activity statement.

How does the ATO pay amounts owing to you?

The ATO will pay any amounts owing to you within 14 days of your activity statement being lodged. The ATO will pay you interest if you are not paid the refund within that timeframe.

However, if your activity statement is incomplete or you have an activity statement that has not been lodged, the ATO will not pay you a refund and you will not be entitled to any interest. If you have any other outstanding tax debt, the refund will be offset against that liability.

The amounts will be paid only by direct credit into your nominated financial institution account. The nominated account must be at a branch of the institution in Australia.

Remember, you must provide the ATO with your financial institution account details when you register for The New Tax System to make sure you receive any amounts owing to you. Contact the ATO on **13 24 78** if you need to change your financial institution account details. You will need to provide proof of identity.

NOTE

If the due date falls on a weekend or a public holiday, your payment must reach the ATO by the last working day before the due date.

How do you pay amounts you owe?

To make it as easy as possible for you, the ATO accepts payment in many ways. You can pay electronically through direct credit, direct debit or BPAY®, pay by cash or cheque at Australia Post, or mail your payment. Full details on how to make payments are on pages 135–137.

Your electronic funds transfer (EFT) code is the string of numbers located immediately above the barcode on your payment advice form or provided in the internet-based electronic commerce system. From October 2000 your EFT code will also be provided through the Electronic Lodgment Service if your tax agent or accountant receives your activity statement by this means. If you don't have an EFT code, contact the ATO on **1800 815 886**. If you prefer to pay at Australia Post or by mail, you can order a booklet of personalised payment advice forms by contacting the ATO on **13 24 78**.

NOTE

If you wish to make a voluntary or early payment to offset a future liability, you can do so by direct credit or BPAY using your EFT code.

Please note that where any amount is not paid by the due date, the General Interest Charge (GIC) will accrue. Interest is calculated daily on a compounding interest basis. The GIC rate is equivalent to the 13-week Treasury note yield plus 8 per cent. The rate is reviewed quarterly. The GIC is tax deductible in the year it is incurred.

NOTE

If you are having difficulty in making a payment, contact the ATO on **13 28 66**.

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What if you make a mistake?

You must fill in your activity statement correctly and the law imposes penalties if you understate your tax liability. If you make an honest mistake and you voluntarily tell the ATO about it, any penalty that applies will be remitted in full. However, you will have to pay interest on any understated tax or overclaimed credit.

You can correct your mistakes by lodging a Revised Activity Statement. Contact the ATO on **13 24 78** if you need a Revised Activity Statement.

The ATO is providing an extensive education and communication program to help all taxpayers understand their obligations and rights under The New Tax System. Contact the ATO on **13 24 78** or your tax agent or accountant if you need help.

Offences and penalties

Penalties apply where taxpayers do not comply with certain requirements such as:

- not registering for GST when you are required to
- failing to lodge activity statements
- failing to keep records or supply information and issue tax invoices
- supplying false or misleading information on your activity statement, or
- failing to withhold money when you are required to do so.

In appropriate cases, the Commissioner of Taxation may pursue prosecution action in relation to these requirements.

Audits and records

Every entity can expect to be audited from time to time. This involves the ATO checking business records against the activity statements and other tax returns lodged by the business. You should therefore fill in your activity statements carefully and keep adequate records to support your claims. A brief description of the records you need to keep is given on the following pages.

What if your business details or requirements change?

Notify the ATO of any changes you wish to make, or that should be made, to your registration, accounting or reporting details.

You must notify the Australian Business Registrar within 28 days of any details that appear on the Australian Business Register that are no longer correct. Failure to notify the Registrar of these changes may be an offence under the *Taxation Administration Act 1953*.

To change your details on the Australian Business Register, contact the ATO on **13 24 78**.

DEFINITION

The term **taxable supplies** is widely defined to include most supplies (goods, services and anything else) you make. A supply is not a taxable supply if it is GST-*free* or input taxed.

DEFINITION

You do not charge GST on **GST-*free* supplies**, but you are entitled to input tax credits for the GST included in the price you paid for the things you acquired to use in your business.

DEFINITION

You do not charge GST on **input taxed supplies**, but neither are you entitled to input tax credits for the GST included in the price you paid for the things you acquired to make the supplies.

DEFINITION

You are entitled to an **input tax credit** for the GST included in the price you pay for an acquisition or the GST paid on an importation if it is for use in your business, but not to the extent that you use the acquisition or importation to make input taxed supplies.

DEFINITION

Creditable acquisitions are acquisitions made for a creditable purpose. You acquire things for a creditable purpose if you acquire them for your business (unless they are for making input taxed supplies). Things acquired solely for private use are not creditable acquisitions.

These instructions and worksheets will help you fill in your activity statement. However, this will be easier if you have proper records of your business activities. Proper records also help you manage aspects of your business, such as your cash flow, and so help improve your business.

These records also help the ATO assess your tax obligations and entitlements. You must keep these records in English and retain them for five years.

The records you need to keep for filling in your activity statement will show:

- how much GST you have to pay on **taxable supplies**, which you work out by accounting for your
  - total sales and income and other supplies
  - export sales
  - other **GST-*free* supplies**, and
  - **input taxed supplies**
- how much **input tax credit** you are entitled to for your **creditable acquisitions** and importations, which you work out by accounting for your
  - acquisitions and importations
  - acquisitions for making input taxed sales and income and other supplies, and
  - private use of acquisitions and importations
- how much wine equalisation tax you need to pay
- how much luxury car tax you need to pay
- how much stock on hand you have at the start of 1 July 2000 for which you can claim a special credit for wholesale sales tax
- your PAYG instalment income and details of any variation
- amounts you have withheld from employees and others, and
- fringe benefits provided to employees.

Remember that you must keep records that explain all your transactions. It is an offence not to keep proper records.

New records you need

As part of The New Tax System you will be required to keep and issue **tax invoices** and **adjustment notes** for your GST transactions. You must keep these records in English and retain them for five years. They will help you fill in your activity statement.

Tax invoices

Under GST law you must have tax invoices to support your claims for input tax credits for GST included in the price of acquisitions made in the course of your business.

Records you need to keep

> **DEFINITION**
>
> **Tax invoices** are documents containing information about taxable supplies. Suppliers must provide a tax invoice for supplies with a GST-exclusive value of more than $50 if a purchaser requests one.

> **DEFINITION**
>
> **Adjustment notes** are issued by suppliers to a business when the amount of consideration for taxable supplies changes. The recipient needs an adjustment note to claim more input tax credits than previously claimed.

> **DEFINITION**
>
> An **Australian Business Number (ABN)** is a new identifier for your dealings with the ATO and for future dealings with other government departments and agencies.

In most cases tax invoices are issued by suppliers. In some special cases they may be issued by recipients of supplies (these tax invoices are known as recipient created tax invoices). If you make taxable supplies, your registered customers will need tax invoices to claim input tax credits for acquisitions with a GST-exclusive value of more than $50. If you are asked to provide a tax invoice, you must do so within 28 days of the request from the purchaser.

You must have a tax invoice when you lodge an activity statement claiming the input tax credit. If you don't have the tax invoice, you cannot claim the input tax credit until you obtain the invoice. If you obtain a tax invoice in a later tax period, you can claim an input tax credit in that period.

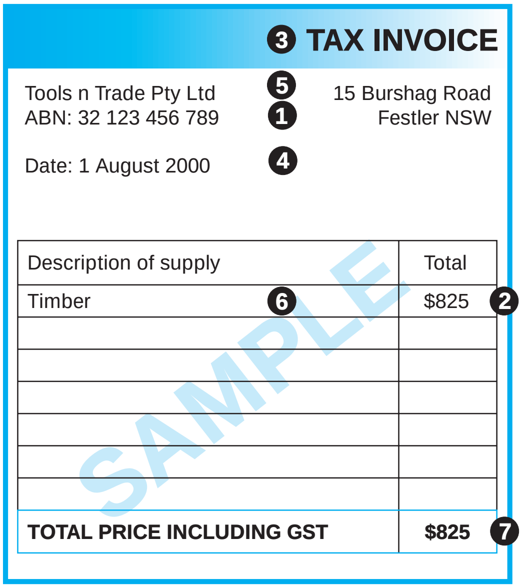
Tax invoices are not required if the GST-exclusive value of the supply is $50 or less. However, you should have some documentary evidence, such as purchase orders, cheque butts or bank statements, to support all input tax credit claims.

Certain information for GST must be included on tax invoices, as shown in the following examples.

Supplies where the total amount payable on a tax invoice is less than $1000

Tax invoices for taxable supplies where the total amount payable on the invoice is less than $1000 must include:

1. the **Australian Business Number (ABN)** of the entity issuing it
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. a brief description of each thing supplied, and
7. when GST payable is exactly 1/11th of the total price, either a statement along the lines of 'the total price includes GST', or the GST amount.



③ TAX INVOICE

Tools n Trade Pty Ltd ⑤ 15 Burshag Road
ABN: 32 123 456 789 ① Festler NSW

Date: 1 August 2000 ④

SAMPLE

Description of supply	Total
Timber ⑥	$825 ②
TOTAL PRICE INCLUDING GST	**$825** ⑦

Supplies where the total amount payable on a tax invoice is $1000 or more

Tax invoices for taxable supplies where the total amount payable on the invoice is $1000 or more must include:

1. the ABN of the entity issuing it
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 ABN 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**

Tools n Trade Pty Ltd 5 15 Burshag Road
ABN: 32 123 456 789 1 Festler NSW

Date: 1 August 2000 4

To: Builders & Building 6
2 Newhouse Road 7
Festler NSW

Qty	Description of supply	Unit price	Total
9 10	Wooden doors 8	$330	$3300 2
TOTAL			**$3300**

SAMPLE

The total price includes GST 10 A

OR

3 **TAX INVOICE**

Tools n Trade Pty Ltd 5 15 Burshag Road
ABN: 32 123 456 789 1 Festler NSW

Date: 1 August 2000 4

To: Builders & Building 6
2 Newhouse Road 7
Festler NSW

Qty	Description of supply	Unit value	GST	Total
9 10	Wooden doors 8	$300	$30	$3300
10	Deadlocks	$40	$4	$440
TOTAL AMOUNT PAYABLE 2				**$3740**

SAMPLE

The total price includes GST of $340 10 B

The additional requirements for tax invoices for supplies where the total amount payable on a tax invoice is $1000 or more are shown at 6 7 and 9.

Taxable and non-taxable supplies

If the tax invoice is for a taxable supply *and* either a GST-*free* or input taxed supply, the tax invoice 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
ABN: 32 123 456 000

80 Burshag Road
Festler NSW

Date: 1 August 2000

SAMPLE

Qty	Description of supply	Unit price	Total
150	Roof tiles*	$5.50	$825
50	Bottled water	$1	$50
TOTAL AMOUNT PAYABLE			**$875**
Total includes GST of			**$75**

** indicates taxable supply*

Alternative tax invoices for supplies spanning 1 July 2000

A document meeting the tax invoice requirements described earlier is not needed to verify input tax credits relating to supplies spanning 1 July 2000, providing a document issued before 1 July 2000 contains the following information:

- the name or business name of the supplier, or of the supplier's agent
- the address or ABN of the supplier, or of the supplier's agent
- the issue date and
  – the price of the taxable supply and a statement indicating that the price includes GST, and/or
  – the amount of GST payable.

NOTE

The ATO is preparing rulings on the information required to be shown on tax invoices. Contact the ATO on **13 24 78** to obtain more information.

DEFINITION

An **adjustment** is a change you may need to make on your activity statement to increase or decrease your net GST amount payable or refundable for a tax period.

NOTE

The ATO is preparing a ruling on the information required to be shown on adjustment notes. Contact the ATO on **13 24 78** to obtain more information.

Adjustments

From time to time you will need to make an **adjustment** to the amount of GST owed or refunded. This may happen if:

- all or part of a supply or acquisition is cancelled
- the price of a supply or acquisition is altered (such as where you provide or become entitled to a volume discount or early payment discount)
- a supply becomes taxable or an acquisition becomes creditable
- a supply stops being taxable or an acquisition stops being creditable
- the purpose of your acquisition changes, or
- you have bad debts or you fail to pay a debt.

An example of when you may need to make an adjustment is if you get a discount for bulk buying after you have paid the original amount. To help you, your supplier should provide an adjustment note.

You make any necessary adjustments to your business records and report them on your activity statement for the tax period in which the change happens or when you find out about it.

You need an adjustment note from your supplier before making an adjustment for an increase in consideration for an acquisition, that is, before claiming more input tax credit for an acquisition.

Guide to filling in your activity statement

Your quarterly activity statement will look similar to the one shown here. A † indicates information that will be pre-printed by the ATO. See pages 24–25 for a sample completed form.

Front of your quarterly activity statement

† Your name and address.

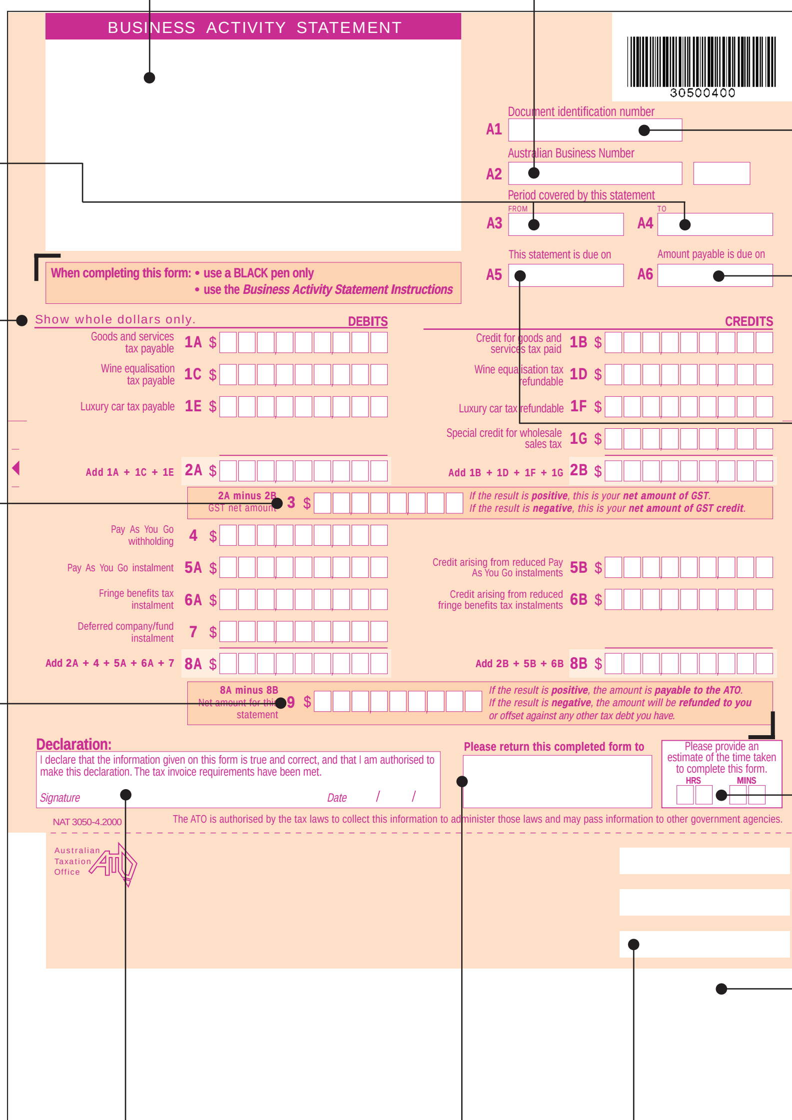
† This is your Australian Business Number (ABN) which you receive when you register for The New Tax System.

† This is the period you are reporting on in this activity statement.

Show only whole dollar amounts at each item. Do not show cents, for example, show $5684.69 as $5684.

This is your net amount of GST payable or your net amount of GST credit. It will be offset against your other tax obligations.

This is the amount you owe the ATO or the amount the ATO owes you for the period covered by this activity statement.



BUSINESS ACTIVITY STATEMENT

30500400

A1 Document identification number

A2 Australian Business Number

A3 Period covered by this statement FROM A4 TO

A5 This statement is due on A6 Amount payable is due on

When completing this form: • use a BLACK pen only • use the *Business Activity Statement Instructions*

Show whole dollars only.

DEBITS		CREDITS	
Goods and services tax payable	1A $	Credit for goods and services tax paid	1B $
Wine equalisation tax payable	1C $	Wine equalisation tax refundable	1D $
Luxury car tax payable	1E $	Luxury car tax refundable	1F $
		Special credit for wholesale sales tax	1G $
Add 1A + 1C + 1E	2A $	Add 1B + 1D + 1F + 1G	2B $
2A minus 2B GST net amount	3 $	*If the result is **positive**, this is your **net amount of GST**. If the result is **negative**, this is your **net amount of GST credit**.*	
Pay As You Go withholding	4 $		
Pay As You Go instalment	5A $	Credit arising from reduced Pay As You Go instalments	5B $
Fringe benefits tax instalment	6A $	Credit arising from reduced fringe benefits tax instalments	6B $
Deferred company/fund instalment	7 $		
Add 2A + 4 + 5A + 6A + 7	8A $	Add 2B + 5B + 6B	8B $
8A minus 8B Net amount for this statement	9 $	*If the result is **positive**, the amount is **payable to the ATO**. If the result is **negative**, the amount will be **refunded to you** or offset against any other tax debt you have.*	

Declaration: I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice requirements have been met.

Signature *Date* / /

Please return this completed form to

Please provide an estimate of the time taken to complete this form. HRS MINS

NAT 3050-4.2000

The ATO is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies.

Australian Taxation Office

† Each activity statement has a unique document identification number.

† The ATO must receive any amounts you owe by this date.

† The ATO must receive your activity statement by this date.

Please note how long you take to complete your activity statement. Include the time you take to collect any information.

† Your EFT code.

Sign and date your completed activity statement. Make sure you are authorised by your business to sign. See pages 133–134 for details of who can sign and what to do if lodging electronically.

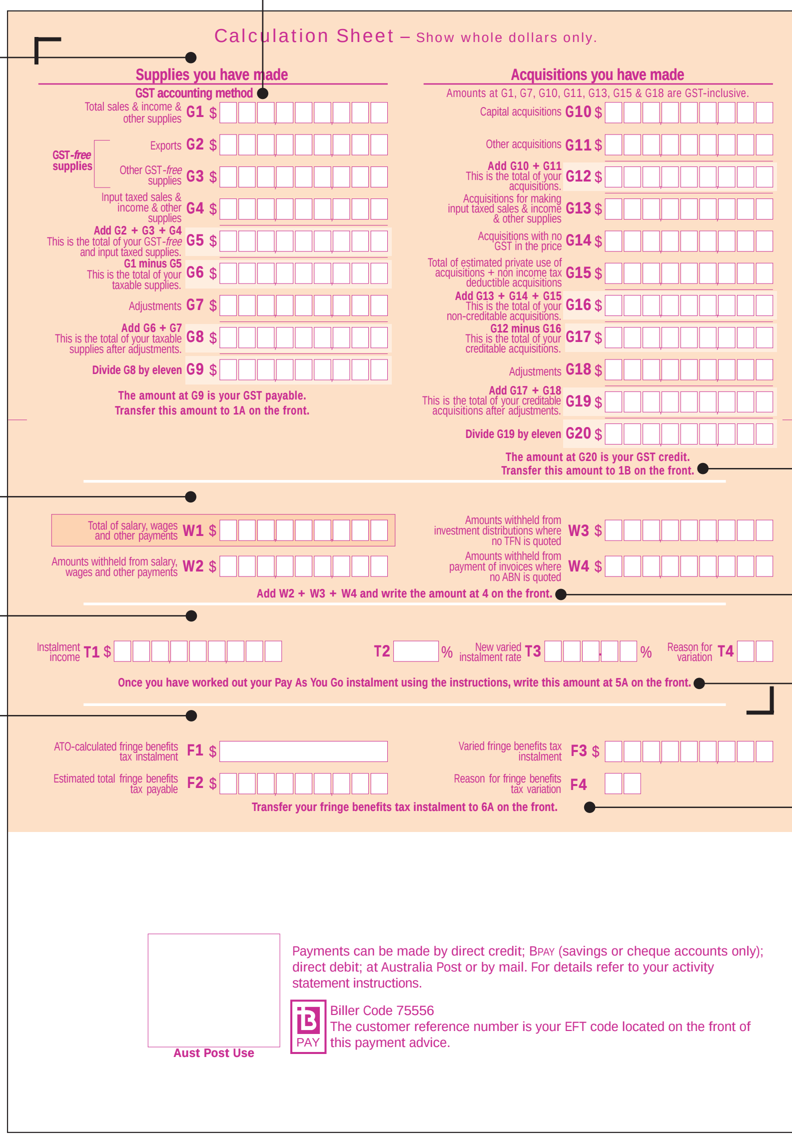
Show the amount you owe the ATO here.

† Return your completed activity statement to this address by the due date shown above.

Back of your quarterly activity statement

† Note the period covered by this activity statement for each of your obligations and whether you are required to report.

† Your GST accounting method is cash or non-cash.


Calculation Sheet – Show whole dollars only.

Supplies you have made

GST accounting method

Total sales & income & other supplies G1 $

GST-*free* supplies: Exports G2 $

Other GST-*free* supplies G3 $

Input taxed sales & income & other supplies G4 $

Add G2 + G3 + G4 This is the total of your GST-*free* and input taxed supplies. G5 $

G1 minus G5 This is the total of your taxable supplies. G6 $

Adjustments G7 $

Add G6 + G7 This is the total of your taxable supplies after adjustments. G8 $

Divide G8 by eleven G9 $

The amount at G9 is your GST payable. Transfer this amount to 1A on the front.

Acquisitions you have made

Amounts at G1, G7, G10, G11, G13, G15 & G18 are GST-inclusive.

Capital acquisitions G10 $

Other acquisitions G11 $

Add G10 + G11 This is the total of your acquisitions. G12 $

Acquisitions for making input taxed sales & income & other supplies G13 $

Acquisitions with no GST in the price G14 $

Total of estimated private use of acquisitions + non income tax deductible acquisitions G15 $

Add G13 + G14 + G15 This is the total of your non-creditable acquisitions. G16 $

G12 minus G16 This is the total of your creditable acquisitions. G17 $

Adjustments G18 $

Add G17 + G18 This is the total of your creditable acquisitions after adjustments. G19 $

Divide G19 by eleven G20 $

The amount at G20 is your GST credit. Transfer this amount to 1B on the front.

Total of salary, wages and other payments W1 $

Amounts withheld from salary, wages and other payments W2 $

Amounts withheld from investment distributions where no TFN is quoted W3 $

Amounts withheld from payment of invoices where no ABN is quoted W4 $

Add W2 + W3 + W4 and write the amount at 4 on the front.

Instalment income T1 $ T2 % New varied instalment rate T3 % Reason for variation T4

Once you have worked out your Pay As You Go instalment using the instructions, write this amount at 5A on the front.

ATO-calculated fringe benefits tax instalment F1 $

Estimated total fringe benefits tax payable F2 $

Varied fringe benefits tax instalment F3 $

Reason for fringe benefits tax variation F4

Transfer your fringe benefits tax instalment to 6A on the front.

Aust Post Use

Payments can be made by direct credit; BPAY (savings or cheque accounts only); direct debit; at Australia Post or by mail. For details refer to your activity statement instructions.

B PAY Biller Code 75556
The customer reference number is your EFT code located on the front of this payment advice.

Work out amounts you owe the ATO or amounts the ATO owes you. Transfer these amounts to the appropriate box on the front of your activity statement.

Guide to filling in your activity statement

If you are required to lodge a monthly activity statement, it will look similar to the one shown here. It does not include PAYG instalments, fringe benefits tax instalments and deferred company or fund instalments. A † indicates information that will be pre-printed by the ATO. See pages 26–27 for a sample completed form.

Front of your monthly activity statement

† Your name and address.

† This is your Australian Business Number (ABN) which you receive when you register for The New Tax System.

† This is the period you are reporting on in this activity statement.

Show only whole dollar amounts at each item. Do not show cents, for example, show $5684.69 as $5684.

This is your net amount of GST payable or your net amount of GST credit. It will be offset against your other tax obligations.

This is the amount you owe the ATO or the amount the ATO owes you for the period covered by this activity statement.

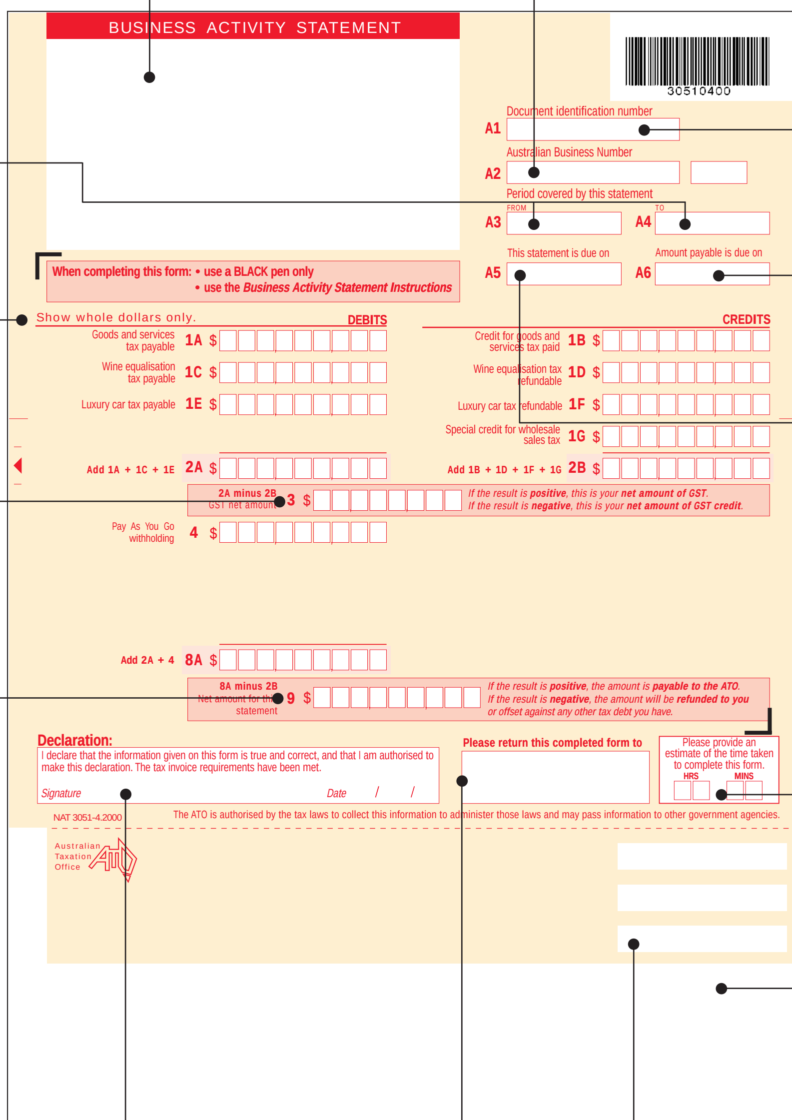
† Each activity statement has a unique document identification number.

† The ATO must receive any amounts you owe by this date.

† The ATO must receive your activity statement by this date.

Please note how long you take to complete your activity statement. Include the time you take to collect any information.

† Your EFT code.



BUSINESS ACTIVITY STATEMENT

30510400

A1 Document identification number

A2 Australian Business Number

Period covered by this statement

A3 FROM A4 TO

A5 This statement is due on

A6 Amount payable is due on

When completing this form: • use a BLACK pen only
• use the *Business Activity Statement Instructions*

Show whole dollars only.

DEBITS		CREDITS	
Goods and services tax payable	1A $	Credit for goods and services tax paid	1B $
Wine equalisation tax payable	1C $	Wine equalisation tax refundable	1D $
Luxury car tax payable	1E $	Luxury car tax refundable	1F $
		Special credit for wholesale sales tax	1G $
Add 1A + 1C + 1E	2A $	Add 1B + 1D + 1F + 1G	2B $

2A minus 2B GST net amount 3 $ *If the result is* ***positive****, this is your* ***net amount of GST.*** *If the result is* ***negative****, this is your* ***net amount of GST credit.***

Pay As You Go withholding 4 $

Add 2A + 4 8A $

8A minus 2B Net amount for this statement 9 $ *If the result is* ***positive****, the amount is* ***payable to the ATO.*** *If the result is* ***negative****, the amount will be* ***refunded to you*** *or offset against any other tax debt you have.*

Declaration:
I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice requirements have been met.

Signature *Date* / /

Please return this completed form to

Please provide an estimate of the time taken to complete this form. HRS MINS

NAT 3051-4.2000

The ATO is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies.

Australian Taxation Office

Sign and date your completed activity statement. Make sure you are authorised by your business to sign. See pages 133–134 for details of who can sign and what to do if lodging electronically.

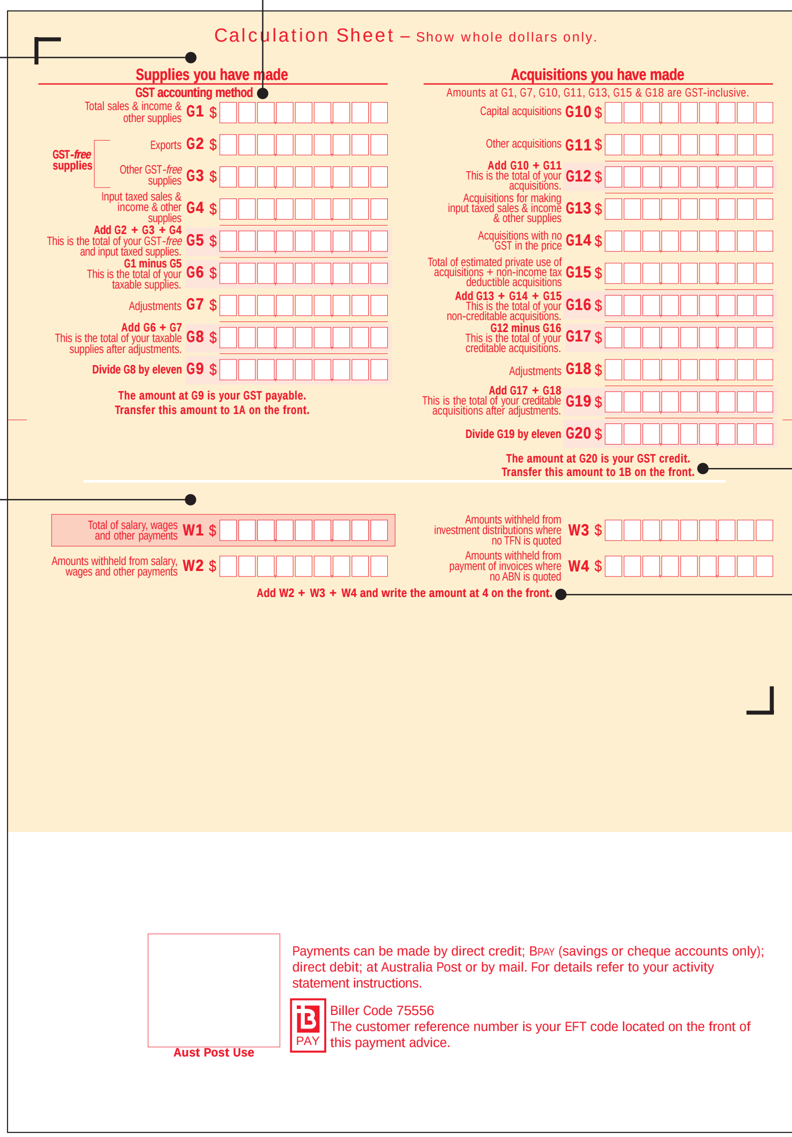
Show the amount you owe the ATO here.

† Return your completed activity statement to this address by the due date shown above.

Back of your monthly activity statement

† Note the period covered by this activity statement for each of your obligations and whether you are required to report.

† Your GST accounting method is cash or non-cash.



Calculation Sheet – Show whole dollars only.

Supplies you have made

GST accounting method

Total sales & income & other supplies	G1	$
GST-*free* supplies: Exports	G2	$
GST-*free* supplies: Other GST-*free* supplies	G3	$
Input taxed sales & income & other supplies	G4	$
Add G2 + G3 + G4. This is the total of your GST-*free* and input taxed supplies.	G5	$
G1 minus G5. This is the total of your taxable supplies.	G6	$
Adjustments	G7	$
Add G6 + G7. This is the total of your taxable supplies after adjustments.	G8	$
Divide G8 by eleven	G9	$

The amount at G9 is your GST payable. Transfer this amount to 1A on the front.

Acquisitions you have made

Amounts at G1, G7, G10, G11, G13, G15 & G18 are GST-inclusive.

Capital acquisitions	G10	$
Other acquisitions	G11	$
Add G10 + G11. This is the total of your acquisitions.	G12	$
Acquisitions for making input taxed sales & income & other supplies	G13	$
Acquisitions with no GST in the price	G14	$
Total of estimated private use of acquisitions + non-income tax deductible acquisitions	G15	$
Add G13 + G14 + G15. This is the total of your non-creditable acquisitions.	G16	$
G12 minus G16. This is the total of your creditable acquisitions.	G17	$
Adjustments	G18	$
Add G17 + G18. This is the total of your creditable acquisitions after adjustments.	G19	$
Divide G19 by eleven	G20	$

The amount at G20 is your GST credit. Transfer this amount to 1B on the front.

Total of salary, wages and other payments	W1	$
Amounts withheld from salary, wages and other payments	W2	$
Amounts withheld from investment distributions where no TFN is quoted	W3	$
Amounts withheld from payment of invoices where no ABN is quoted	W4	$

Add W2 + W3 + W4 and write the amount at 4 on the front.

Aust Post Use

Payments can be made by direct credit; BPAY (savings or cheque accounts only); direct debit; at Australia Post or by mail. For details refer to your activity statement instructions.

B PAY Biller Code 75556
The customer reference number is your EFT code located on the front of this payment advice.

Work out amounts you owe the ATO or amounts the ATO owes you. Transfer these amounts to the appropriate box on the front of your activity statement.

Guide to filling in your activity statement

The following example and step-by-step guide explain how to fill in your quarterly activity statement. Note that businesses may not have to complete all the items on their activity statement.

EXAMPLE *a small supermarket*

Maddy and Maxie own and operate a supermarket through which they supply both taxable and GST-*free* supplies. They operate as a company, Maddy and Maxie Pty Ltd. Maddy and Maxie work full time in their supermarket and have one part-time employee.

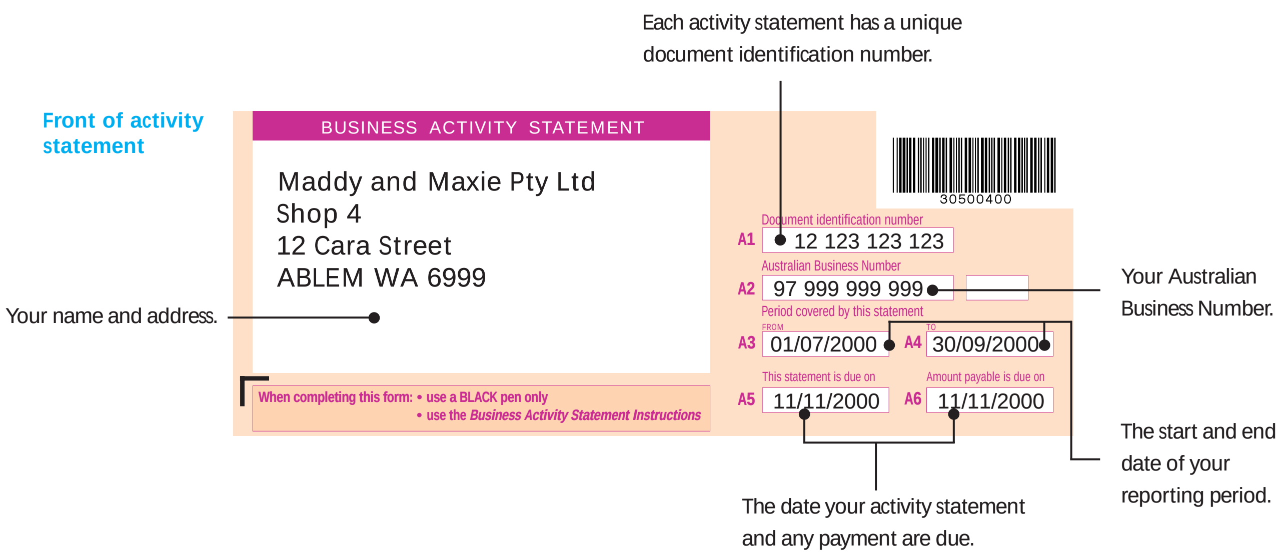
Maddy and Maxie Pty Ltd reports to the ATO on GST, PAYG withholding, PAYG instalments and fringe benefits tax instalments. The company lodges a quarterly activity statement to report its GST obligation and entitlement, PAYG instalment and fringe benefits tax instalment at the end of each *quarter*. It has to report PAYG withholding every *month* as it withheld more than $25 000 from employees in the last financial year. This means that for the first and second months of each quarter the company lodges a monthly activity statement to report its PAYG withholding liability.

Maddy and Maxie Pty Ltd is not eligible to use any of the simplified GST accounting methods available to food retailers because the company has adequate point-of-sale equipment.

Note that the company does not have to fill in every item on its activity statement.

STEP 1 Check your pre-printed details

Front of activity statement



What you need to do

- Check the information pre-printed on your activity statement.
- If any of your details change, please contact the ATO on **13 24 78**.
  You will need to provide proof of identity.

STEP 2 Work out the GST payable on supplies you have made

Maddy and Maxie Pty Ltd makes the following supplies for the September 2000 quarter tax period.

Back of activity statement

Goods and services tax for the period 01/07/2000 to 30/09/2000

Supplies you have made

GST accounting method		Non-cash (accruals)
Total sales & income & other supplies	G1 $	305974
GST-*free* supplies: Exports	G2 $	
GST-*free* supplies: Other GST-*free* supplies	G3 $	180190
Input taxed sales & income & other supplies	G4 $	
Add G2 + G3 + G4 This is the total of your GST-*free* and input taxed supplies.	G5 $	180190
G1 minus G5 This is the total of your taxable supplies.	G6 $	125784
Adjustments	G7 $	
Add G6 + G7 This is the total of your taxable supplies after adjustments.	G8 $	125784
Divide G8 by eleven	G9 $	11434

The amount at G9 is your GST payable.
Transfer this amount to 1A on the front.

Front of activity statement

Show whole dollars only.

DEBITS			CREDITS		
Goods and services tax payable	1A $	11434	Credit for goods and services tax paid	1B $	
Wine equalisation tax payable	1C $		Wine equalisation tax refundable	1D $	
Luxury car tax payable	1E $		Luxury car tax refundable	1F $	
			Special credit for wholesale sales tax	1G $	
Add 1A + 1C + 1E	2A $		Add 1B + 1D + 1F + 1G	2B $	

2A minus 2B GST net amount	3 $		*If the result is* ***positive****, this is your* ***net amount of GST****.* *If the result is* ***negative****, this is your* ***net amount of GST credit****.*

What you need to do

- Complete the GST items that apply to your business for the tax period.
- Use G5 G6 G8 and G9 as 'stepping stones' to work out your GST payable.
- Transfer the amount at G9 to 1A on the front of your activity statement.

STEP 3 Work out the GST credits on acquisitions you have made

Maddy and Maxie Pty Ltd makes the following acquisitions for the September 2000 quarter tax period.

Goods and services tax for the period 01/07/2000 to 30/09/2000

Back of activity statement

Acquisitions you have made

Amounts at G1, G7, G10, G11, G13, G15 & G18 are GST-inclusive.

Capital acquisitions	G10 $	4500
Other acquisitions	G11 $	242192
Add G10 + G11 This is the total of your acquisitions.	G12 $	246692
Acquisitions for making input taxed sales & income & other supplies	G13 $	
Acquisitions with no GST in the price	G14 $	142041
Total of estimated private use of acquisitions + non income tax deductible acquisitions	G15 $	694
Add G13 + G14 + G15 This is the total of your non-creditable acquisitions.	G16 $	142735
G12 minus G16 This is the total of your creditable acquisitions.	G17 $	103957
Adjustments	G18 $	
Add G17 + G18 This is the total of your creditable acquisitions after adjustments.	G19 $	103957
Divide G19 by eleven	G20 $	9450

The amount at G20 is your GST credit.
Transfer this amount to 1B on the front.

Front of activity statement

Show whole dollars only.

DEBITS			CREDITS		
Goods and services tax payable	1A $	11434	Credit for goods and services tax paid	1B $	9450
Wine equalisation tax payable	1C $		Wine equalisation tax refundable	1D $	
Luxury car tax payable	1E $		Luxury car tax refundable	1F $	
			Special credit for wholesale sales tax	1G $	
Add 1A + 1C + 1E	2A $		**Add 1B + 1D + 1F + 1G**	2B $	

2A minus 2B GST net amount **3** $

*If the result is **positive**, this is your **net amount of GST**.*
*If the result is **negative**, this is your **net amount of GST credit**.*

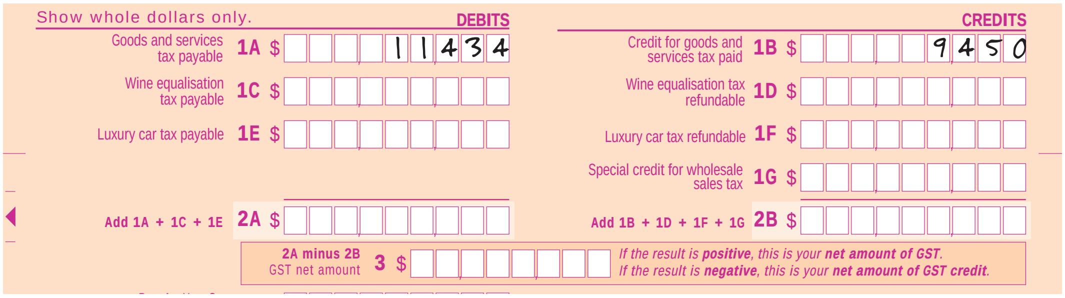
What you need to do

- Complete the GST items that apply to your business for the tax period.
- Use G12 G16 G17 G19 and G20 as 'stepping stones' to work out your GST credit.
- Transfer the amount at G20 to 1B on the front of your activity statement.

STEP 4 Work out any wine equalisation tax, luxury car tax and credit for wholesale sales tax

Maddy and Maxie Pty Ltd does not have a wine equalisation tax or luxury car tax liability and is not due any special credit for wholesale sales tax. This means the company does not fill in 1C 1D 1E 1F and 1G on its activity statement.

Front of activity statement


Show whole dollars only.

DEBITS			CREDITS		
Goods and services tax payable	1A $	11434	Credit for goods and services tax paid	1B $	9450
Wine equalisation tax payable	1C $		Wine equalisation tax refundable	1D $	
Luxury car tax payable	1E $		Luxury car tax refundable	1F $	
			Special credit for wholesale sales tax	1G $	
Add 1A + 1C + 1E	2A $		Add 1B + 1D + 1F + 1G	2B $	
2A minus 2B GST net amount	3 $		*If the result is **positive**, this is your **net amount of GST**. If the result is **negative**, this is your **net amount of GST credit**.*		

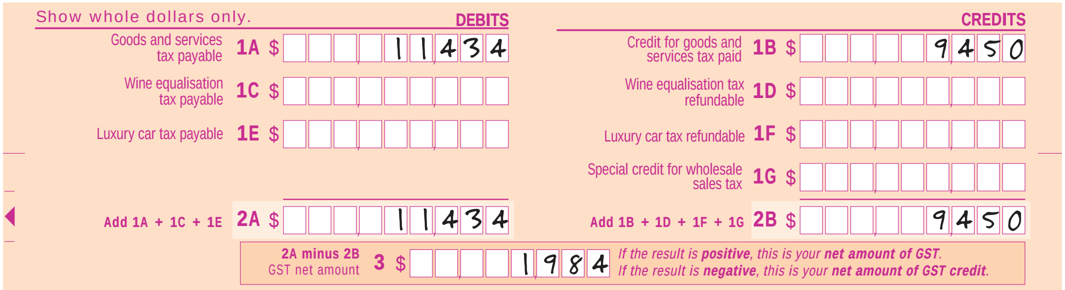
What you need to do

- If you are liable for wine equalisation tax or luxury car tax or you are due a special credit for wholesale sales tax, fill in 1C 1D 1E 1F and 1G on your activity statement.

STEP 5 Work out your GST net amount for the tax period

Maddy and Maxie Pty Ltd has GST payable of $11 434 and GST credits of $9450. This means the company has a GST net amount of $1984.

Front of activity statement


Show whole dollars only.

DEBITS			CREDITS		
Goods and services tax payable	1A $	11434	Credit for goods and services tax paid	1B $	9450
Wine equalisation tax payable	1C $		Wine equalisation tax refundable	1D $	
Luxury car tax payable	1E $		Luxury car tax refundable	1F $	
			Special credit for wholesale sales tax	1G $	
Add 1A + 1C + 1E	2A $	11434	Add 1B + 1D + 1F + 1G	2B $	9450
2A minus 2B GST net amount	3 $	1984	*If the result is **positive**, this is your **net amount of GST**. If the result is **negative**, this is your **net amount of GST credit**.*		

What you need to do

- Subtract the amount at 2B from the amount at 2A to work out your GST net amount.
- Show this amount at 3. Do not write a minus sign (–) if this is a negative amount.

STEP 6 Work out your PAYG withholding for the reporting period

Maddy and Maxie Pty Ltd paid a total of $10 680 in wages during the month of September and withheld $2971 from wages payments. Note that the company is required to report PAYG amounts withheld every month as it withheld more than $25 000 in the previous financial year.

Back of activity statement

Pay As You Go withholding for the period 01/09/2000 to 30/09/2000

Total of salary, wages and other payments	W1 $	10680	Amounts withheld from investment distributions where no TFN is quoted	W3 $	
Amounts withheld from salary, wages and other payments	W2 $	2971	Amounts withheld from payment of invoices where no ABN is quoted	W4 $	

Add W2 + W3 + W4 and write the amount at 4 on the front.

Front of activity statement

Pay As You Go withholding	4 $	2971			
Pay As You Go instalment	5A $		Credit arising from reduced Pay As You Go instalments	5B $	
Fringe benefits tax instalment	6A $		Credit arising from reduced fringe benefits tax instalments	6B $	
Deferred company/fund instalment	7 $				
Add 2A + 4 + 5A + 6A + 7	8A $		Add 2B + 5B + 6B	8B $	

8A minus 8B Net amount for this statement 9 $

*If the result is **positive**, the amount is **payable to the ATO**. If the result is **negative**, the amount will be **refunded to you** or offset against any other tax debt you have.*

What you need to do

- Complete the PAYG withholding items that apply to your business.
- Transfer the total amount withheld from all payments to 4 on the front of your activity statement.

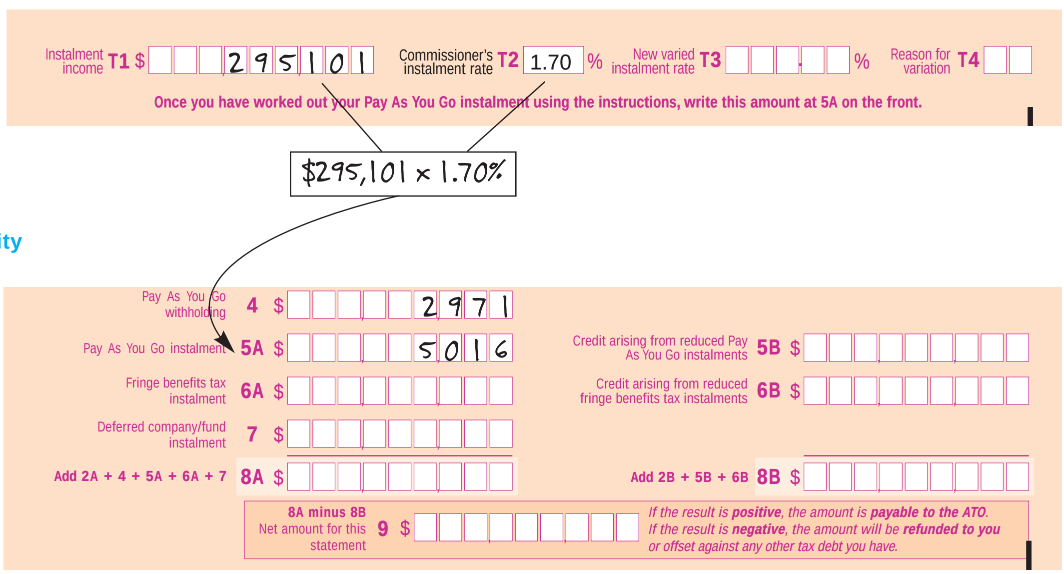
STEP 7 Work out your PAYG instalment for the reporting period

Maddy and Maxie Pty Ltd has instalment income of $295 101 for the reporting period. The company does not wish to vary its instalment rate, so uses the instalment rate pre-printed at T2 to work out its instalment. The instalment rate pre-printed at T2 is provided by the ATO.

Back of activity statement

Pay As You Go instalment for the period 01/07/2000 to 30/09/2000

Front of activity statement



What you need to do

- Complete the PAYG instalment items that apply to your business.
- To work out your PAYG instalment, multiply your instalment income by your instalment rate.
- Transfer this amount to 5A on the front of your activity statement.

STEP 8 Work out your fringe benefits tax instalment for the reporting period

Maddy and Maxie Pty Ltd has a fringe benefits tax instalment of $1020 for this reporting period. This figure is pre-printed at F1 on the back of its activity statement. The company does not wish to vary its instalment.

Back of activity statement

Fringe benefits tax instalment for the period 01/07/2000 to 30/09/2000

ATO-calculated fringe benefits tax instalment	F1 $	1 0 2 0	Varied fringe benefits tax instalment	F3 $	
Estimated total fringe benefits tax payable	F2 $		Reason for fringe benefits tax variation	F4	

Transfer your fringe benefits tax instalment to 6A on the front.

Front of activity statement

Pay As You Go withholding	4 $	2971			
Pay As You Go instalment	5A $	5016	Credit arising from reduced Pay As You Go instalments	5B $	
Fringe benefits tax instalment	6A $	1020	Credit arising from reduced fringe benefits tax instalments	6B $	
Deferred company/fund instalment	7 $				
Add 2A + 4 + 5A + 6A + 7	8A $		Add 2B + 5B + 6B	8B $	

8A minus 8B Net amount for this statement **9** $

*If the result is **positive**, the amount is **payable to the ATO**. If the result is **negative**, the amount will be **refunded to you** or offset against any other tax debt you have.*

What you need to do

- Complete the fringe benefits tax instalment items that apply to your business.
- Transfer your fringe benefits tax instalment to 6A on the front of your activity statement.

STEP 9 Work out the net amount of your obligations for the reporting period

Maddy and Maxie Pty Ltd has liabilities of $20 441 and is entitled to credits of $9450.
This means the net amount of the company's obligations for the reporting period is $10 991.

Front of activity statement

Add 1A + 1C + 1E	2A $	11434	Add 1B + 1D + 1F + 1G	2B $	9450
2A minus 2B GST net amount	3 $	1984	*If the result is* ***positive****, this is your* ***net amount of GST****. If the result is* ***negative****, this is your* ***net amount of GST credit****.*		
Pay As You Go withholding	4 $	2971			
Pay As You Go instalment	5A $	5016	Credit arising from reduced Pay As You Go instalments	5B $	
Fringe benefits tax instalment	6A $	1020	Credit arising from reduced fringe benefits tax instalments	6B $	
Deferred company/fund instalment	7 $				
Add 2A + 4 + 5A + 6A + 7	8A $	20441	Add 2B + 5B + 6B	8B $	9450
8A minus 8B Net amount for this statement	9 $	10991	*If the result is* ***positive****, the amount is* ***payable to the ATO****. If the result is* ***negative****, the amount will be* ***refunded to you*** *or offset against any other tax debt you have.*		

What you need to do

- Add 2A 4 5A 6A and 7 to work out your obligations at 8A.
- Add 2B 5B and 6B to work out your entitlements at 8B.
- Subtract the amount at 8B from the amount at 8A to work out the net amount of your obligations for the reporting period.
- Show this amount at 9. Do not write a minus sign (–) if this is a negative amount.

STEP 10 Sign and date the declaration

Maddy or Maxie sign and date the declaration and fill in the company's payment amount.

Front of activity statement

Declaration:
I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice requirements have been met.

Signature M.A.Hancox *Date* 16/10/00

Please return this completed form to
Australian Taxation Office
Private Bag 6007
ALBURY NSW 2640

Please provide an estimate of the time taken to complete this form.
HRS MINS

NAT 3050-4.2000

The ATO is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies.

Australian Taxation Office

PAYMENT ADVICE - 60

0000 0156 03

97 999 999 999

Maddy and Maxie Pty Ltd

$10,991

EFT code 97999 999 999 9360

What you need to do

- Sign and date the declaration and fill in the amount of your payment.

Guide to filling in your activity statement

Maddy and Maxie Pty Ltd's completed quarterly activity statement for the September 2000 quarter will look like the one shown here.

Front of activity statement

BUSINESS ACTIVITY STATEMENT

30500400

Maddy and Maxie Pty Ltd
Shop 4
12 Cara St
ABLEM WA 6999

When completing this form: • use a BLACK pen only
• use the *Business Activity Statement Instructions*

A1	Document identification number	12 123 123 123
A2	Australian Business Number	97 999 999 999
A3	Period covered by this statement FROM	01/07/2000
A4	TO	30/09/2000
A5	This statement is due on	11/11/2000
A6	Amount payable is due on	11/11/2000

Show whole dollars only.

DEBITS			CREDITS		
Goods and services tax payable	1A	$ 11434	Credit for goods and services tax paid	1B	$ 9450
Wine equalisation tax payable	1C	$	Wine equalisation tax refundable	1D	$
Luxury car tax payable	1E	$	Luxury car tax refundable	1F	$
			Special credit for wholesale sales tax	1G	$
Add 1A + 1C + 1E	2A	$ 11434	Add 1B + 1D + 1F + 1G	2B	$ 9450
2A minus 2B GST net amount	3	$ 1984	*If the result is **positive**, this is your **net amount of GST**. If the result is **negative**, this is your **net amount of GST credit**.*		
Pay As You Go withholding	4	$ 2971			
Pay As You Go instalment	5A	$ 5016	Credit arising from reduced Pay As You Go instalments	5B	$
Fringe benefits tax instalment	6A	$ 1020	Credit arising from reduced fringe benefits tax instalments	6B	$
Deferred company/fund instalment	7	$			
Add 2A + 4 + 5A + 6A + 7	8A	$ 20441	Add 2B + 5B + 6B	8B	$ 9450
8A minus 8B Net amount for this statement	9	$ 10991	*If the result is **positive**, the amount is **payable to the ATO**. If the result is **negative**, the amount will be **refunded to you** or offset against any other tax debt you have.*		

Declaration:
I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice requirements have been met.

Signature M.Hancox *Date* 16/10/00

Please return this completed form to
Australian Taxation Office
Private Bag 6007
ALBURY NSW 2640

Please provide an estimate of the time taken to complete this form.
HRS MINS

NAT 3050-4.2000

The ATO is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies.

Australian Taxation Office

PAYMENT ADVICE - 60

0000 0156 03

Maddy and Maxie Pty Ltd

97 999 999 999

$10,991

Australian Taxation Office
Private Bag 6007
ALBURY NSW 2640

EFT code 97999 999 999 9360

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Back of activity statement

Calculation Sheet – Show whole dollars only.

Goods and services tax for the period 01/07/2000 to 30/09/2000

Supplies you have made

GST accounting method Non-cash (accruals)

Total sales & income & other supplies	G1	$ 305974
GST-*free* supplies: Exports	G2	$
GST-*free* supplies: Other GST-*free* supplies	G3	$ 180190
Input taxed sales & income & other supplies	G4	$
Add G2 + G3 + G4 This is the total of your GST-*free* and input taxed supplies.	G5	$ 180190
G1 minus G5 This is the total of your taxable supplies.	G6	$ 125784
Adjustments	G7	$
Add G6 + G7 This is the total of your taxable supplies after adjustments.	G8	$ 125784
Divide G8 by eleven	G9	$ 11434

The amount at G9 is your GST payable. Transfer this amount to 1A on the front.

Acquisitions you have made

Amounts at G1, G7, G10, G11, G13, G15 & G18 are GST-inclusive.

Capital acquisitions	G10	$ 4500
Other acquisitions	G11	$ 242192
Add G10 + G11 This is the total of your acquisitions.	G12	$ 246692
Acquisitions for making input taxed sales & income & other supplies	G13	$
Acquisitions with no GST in the price	G14	$ 142041
Total of estimated private use of acquisitions + non income tax deductible acquisitions	G15	$ 694
Add G13 + G14 + G15 This is the total of your non-creditable acquisitions.	G16	$ 142735
G12 minus G16 This is the total of your creditable acquisitions.	G17	$ 103957
Adjustments	G18	$
Add G17 + G18 This is the total of your creditable acquisitions after adjustments.	G19	$ 103957
Divide G19 by eleven	G20	$ 9450

The amount at G20 is your GST credit. Transfer this amount to 1B on the front.

Pay As You Go withholding for the period 01/09/2000 to 30/09/2000

Total of salary, wages and other payments	W1	$ 10680
Amounts withheld from salary, wages and other payments	W2	$ 2971
Amounts withheld from investment distributions where no TFN is quoted	W3	$
Amounts withheld from payment of invoices where no ABN is quoted	W4	$

Add W2 + W3 + W4 and write the amount at 4 on the front.

Pay As You Go instalment for the period 01/07/2000 to 30/09/2000

Instalment income	T1	$ 295101
	T2	1.70 %
New varied instalment rate	T3	. %
Reason for variation	T4	

Once you have worked out your Pay As You Go instalment using the instructions, write this amount at 5A on the front.

Fringe benefits tax instalment for the period 01/07/2000 to 30/09/2000

ATO-calculated fringe benefits tax instalment	F1	$ 1020
Estimated total fringe benefits tax payable	F2	$
Varied fringe benefits tax instalment	F3	$
Reason for fringe benefits tax variation	F4	

Transfer your fringe benefits tax instalment to 6A on the front.

Aust Post Use

Payments can be made by direct credit; BPAY (savings or cheque accounts only); direct debit; at Australia Post or by mail. For details refer to your activity statement instructions.

Biller Code 75556
The customer reference number is your EFT code located on the front of this payment advice.

Guide to filling in your activity statement

SECTION 1

Maddy and Maxie Pty Ltd also lodges monthly activity statements for the first and second months of each quarter as the company withheld more than $25 000 in the previous financial year. In July 2000 the company withheld $4487 from total wage payments of $15 731 and $737 from an invoice of $1520 where an ABN was not quoted. The company's completed monthly activity statement for the July 2000 reporting period will look like the one shown here.

Front of activity statement

BUSINESS ACTIVITY STATEMENT

Maddy and Maxie Pty Ltd
Shop 4
12 Cara St
ABLEM WA 6999

30510400

A1 Document identification number: 10 124 124 124

A2 Australian Business Number: 97 999 999 999

Period covered by this statement

A3 FROM 01/07/2000 **A4** TO 31/07/2000

A5 This statement is due on 21/08/2000 **A6** Amount payable is due on 21/08/2000

When completing this form: • use a BLACK pen only
• use the *Business Activity Statement Instructions*

Show whole dollars only.

DEBITS			CREDITS		
Goods and services tax payable	1A	$	Credit for goods and services tax paid	1B	$
Wine equalisation tax payable	1C	$	Wine equalisation tax refundable	1D	$
Luxury car tax payable	1E	$	Luxury car tax refundable	1F	$
			Special credit for wholesale sales tax	1G	$
Add 1A + 1C + 1E	2A	$	Add 1B + 1D + 1F + 1G	2B	$

2A minus 2B GST net amount **3** $ — *If the result is* ***positive****, this is your* ***net amount of GST****. If the result is* ***negative****, this is your* ***net amount of GST credit****.*

Pay As You Go withholding **4** $ 5224

Add 2A + 4 **8A** $ 5224

8A minus 2B Net amount for this statement **9** $ 5224 — *If the result is* ***positive****, the amount is* ***payable to the ATO****. If the result is* ***negative****, the amount will be* ***refunded to you*** *or offset against any other tax debt you have.*

Declaration:
I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice requirements have been met.

Signature M.Hancox *Date* 16/08/00

Please return this completed form to
Australian Taxation Office
Private Bag 6007
ALBURY NSW 2640

Please provide an estimate of the time taken to complete this form.
HRS MINS

NAT 3051-4.2000

The ATO is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies.

Australian Taxation Office

PAYMENT ADVICE - 60

0000 0156 03

97 999 999 999

Maddy and Maxie Pty Ltd

$ 5,224

Australian Taxation Office
Private Bag 6007
ALBURY NSW 2640

EFT code 97999 999 999 9360

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Maddy and Maxie Pty Ltd does not report any GST obligations or entitlements on its monthly activity statement as the company reports quarterly for GST. The company has not chosen to lodge monthly and is not required to do so.

Back of activity statement

Calculation Sheet – Show whole dollars only.

Goods and services tax – quarterly cycle on record – details not required for this period

Supplies you have made

GST accounting method Non-cash (accruals)

Total sales & income & other supplies	G1	$
GST-*free* supplies: Exports	G2	$
GST-*free* supplies: Other GST-*free* supplies	G3	$
Input taxed sales & income & other supplies	G4	$
Add G2 + G3 + G4 This is the total of your GST-*free* and input taxed supplies.	G5	$
G1 minus G5 This is the total of your taxable supplies.	G6	$
Adjustments	G7	$
Add G6 + G7 This is the total of your taxable supplies after adjustments.	G8	$
Divide G8 by eleven	G9	$

The amount at G9 is your GST payable. Transfer this amount to 1A on the front.

Acquisitions you have made

Amounts at G1, G7, G10, G11, G13, G15 & G18 are GST-inclusive.

Capital acquisitions	G10	$
Other acquisitions	G11	$
Add G10 + G11 This is the total of your acquisitions.	G12	$
Acquisitions for making input taxed sales & income & other supplies	G13	$
Acquisitions with no GST in the price	G14	$
Total of estimated private use of acquisitions + non-income tax deductible acquisitions	G15	$
Add G13 + G14 + G15 This is the total of your non-creditable acquisitions.	G16	$
G12 minus G16 This is the total of your creditable acquisitions.	G17	$
Adjustments	G18	$
Add G17 + G18 This is the total of your creditable acquisitions after adjustments.	G19	$
Divide G19 by eleven	G20	$

The amount at G20 is your GST credit. Transfer this amount to 1B on the front.

Pay As You Go withholding for the period 01/07/2000 to 31/07/2000

Total of salary, wages and other payments	W1	$ 15731
Amounts withheld from salary, wages and other payments	W2	$ 4487
Amounts withheld from investment distributions where no TFN is quoted	W3	$
Amounts withheld from payment of invoices where no ABN is quoted	W4	$ 737

Add W2 + W3 + W4 and write the amount at 4 on the front.

Aust Post Use

Payments can be made by direct credit; BPAY (savings or cheque accounts only); direct debit; at Australia Post or by mail. For details refer to your activity statement instructions.

B PAY

Biller Code 75556
The customer reference number is your EFT code located on the front of this payment advice.

Goods and services tax

Supplies you have made

G1	Total sales & income & other supplies
G2	Exports (GST-*free* supplies)
G3	Other GST-*free* supplies
G4	Input taxed sales & income & other supplies
G5	Add G2 + G3 + G4 (This is the total of your GST-*free* and input taxed supplies.)
G6	G1 minus G5 (This is the total of your taxable supplies.)
G7	Adjustments
G8	Add G6 + G7 (This is the total of your taxable supplies after adjustments.)
G9	Divide G8 by eleven
1A	Goods and services tax payable

Acquisitions you have made

G10	Capital acquisitions
G11	Other acquisitions
G12	Add G10 + G11 (This is the total of your acquisitions.)
G13	Acquisitions for making input taxed sales & income & other supplies
G14	Acquisitions with no GST in the price
G15	Total of estimated private use of acquisitions + non income tax deductible acquisitions
G16	Add G13 + G14 + G15 (This is the total of your non-creditable acquisitions.)
G17	G12 minus G16 (This is the total of your creditable acquisitions.)
G18	Adjustments
G19	Add G17 + G18 (This is the total of your creditable acquisitions after adjustments.)
G20	Divide G19 by eleven
1B	Credit for goods and services tax paid

STOP

Check the date printed at the top of the section to see what tax period you are accounting for on this activity statement.

STOP

Whichever option you use to complete the GST section of your activity statement, you must have a tax invoice before you claim an input tax credit for an acquisition (except for acquisitions with a GST-exclusive value of $50 or less).

Complete the goods and services tax (GST) section of your activity statement if you are registered for GST.

If you are not required to complete this section, go to the instructions for the wine equalisation tax section on page 77.

Options for completing the GST section of your activity statement

There are two options for completing the GST section of your activity statement: the GST calculation sheet option and the GST derived from accounts option.

1. GST calculation sheet option

Use information from your accounts and follow the instructions in this section to complete all the relevant items on the back of your activity statement.

Complete items G1 to G8 to work out your GST payable at G9 and items G10 to G19 to work out your total input tax credits at G20. Then transfer the amount of your GST payable at G9 to 1A on the front of your activity statement and the total amount of your input tax credits at G20 to 1B on the front of your activity statement.

2. GST derived from accounts option

You may use this option for reporting only if you have record keeping and accounting systems that:

- can accurately provide details of the amount of GST payable and the amount of input tax credits to which you are entitled according to the law, and
- incorporate proper audit trails.

To meet these requirements your accounting system must:

- For each transaction involving a taxable supply, record the amount of GST payable and correctly bring these amounts to account in a GST payable control account.
- For each transaction involving a creditable acquisition or creditable importation, record the amount of input tax credit to which you are entitled and correctly bring these amounts to account in an input tax credit control account.
- For each adjustment that increases your net amount, record the amount of the adjustment and correctly bring these amounts to account in either a GST payable control account or a GST adjustments control account.
- For each adjustment that decreases your net amount, record the amount of the adjustment and correctly bring these amounts to account in either an input tax credit control account or a GST adjustments control account.

DEFINITION

A **supply** includes:

- 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 (see page 42), and
- an entry into or release from an obligation to do anything, to refrain from an act or to tolerate an act or situation.

Use information from your accounts to complete the following items:

- G9 and 1A to show your GST payable for the tax period
- G20 and 1B to show your total input tax credits for the tax period.

Also complete, for statistical and compliance purposes, G1 G2 G3 G10 G11 and G12 as they relate to your supplies and acquisitions for the tax period. Use the activity statement instructions for general guidance on the types of transactions that are relevant for inclusion at these items.

The information can be obtained or estimated on a reasonably accurate basis from your accounts and may be net amounts (that is, not including GST).

If you use the GST derived from accounts option you must include adjustments that do not result from transactions recorded in your accounts. These include the following types of adjustments:

- bad debts where you have an adjustment for GST purposes but there is no corresponding entry in your accounts, for example, an adjustment for a debt outstanding for more than 12 months not yet written off in your accounts
- changes in extent of creditable purpose, and
- goods used solely for private or domestic purposes.

You need to know

GST is a broad-based tax of 10 per cent on the supply of most goods, services and anything else consumed in Australia.

To register for GST and be part of the GST system, you must be an **entity** carrying on an **enterprise**. All references to 'business' in these instructions should be read as references to a business or other form of enterprise.

As an entity conducting an enterprise and registered for GST, you generally have to pay 10 per cent GST to the ATO when you make a **supply** of most goods, services and anything else in the course of your business. These are called taxable supplies. You do not charge GST on GST-*free* supplies (see pages 39–41) and input taxed supplies (see pages 42–43).

There will also be GST included in the price of many of the things you purchase or acquire for your business. These are called creditable acquisitions. You can claim input tax credits for this GST on your activity statement. You can also claim input tax credits for GST paid on importations.

The difference between the amount of GST you pay on taxable supplies you have made and the input tax credits you are entitled to is the amount of GST you owe to, or are owed by, the ATO.

There are additional instructions on pages 74–75 for:

- entities that organise themselves for GST as GST groups, GST joint ventures or GST branches

DEFINITION

An **entity** means an individual, a body corporate, a corporation sole, a body politic, a partnership, an unincorporated association or body of persons, a trust or a superannuation fund.

DEFINITION

An **enterprise** includes a business. It also includes 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.

- resident agents acting for non-residents, and
- non-profit bodies that have non-profit sub-entities.

Accounting for GST

There are two ways of accounting for GST – on a cash basis or not on a cash basis. You can use a cash basis of accounting if:

- your annual turnover is $1 million or less
- you account for income tax on a receipts (cash) basis, or
- you are a charitable institution, a trustee of a charitable fund or a gift deductible entity.

The Commissioner of Taxation will also allow an entity to account on a cash basis if it carries on an enterprise of a certain kind. The ATO will issue further information on the types of enterprises that will qualify.

If you have an annual turnover of more than $1 million and you do not account on a cash basis for income tax but wish to account on a cash basis for GST purposes, contact the ATO on **13 24 78** for more information.

Using a cash basis of accounting

If you are using a cash basis of accounting, you account for GST payable on your taxable supplies when you receive payment for them. Likewise, you account for input tax credits when you pay for your creditable acquisitions.

EXAMPLE *accounting for GST payable using a cash basis*

Joe operates a free-range poultry farm. He is registered for GST and has quarterly tax periods. He uses a cash basis of accounting for GST.

On 20 September 2000 Joe supplies live chickens to a processing plant for a total invoice price of $2200 (including $200 GST). As his customer doesn't pay him until 10 October, none of the GST payable is attributed to the September quarter tax period.

Joe includes the amount of $2200 on the activity statement for the tax period in which it is received, that is, the December quarter tax period.

EXAMPLE *accounting for input tax credits using a cash basis*

On 20 September 2000 Joe purchases poultry feed for an invoice price of $550 (including $50 GST). He pays $330 on 30 September and the remainder on 18 October.

Under a cash basis of accounting, input tax credits are attributable to tax periods only when payment has actually been made for the acquisition. This means Joe includes only $330 for the acquisition on the September quarter activity statement.

He includes the remaining $220 on the activity statement for the tax period in which the payment is made, that is, the December quarter tax period.

> **NOTE**
>
> Generally, these instructions refer to accounting for GST on a cash basis.
>
> If you do not account on a cash basis, you need to apply the rules outlined here for how to account for GST if not using a cash basis of accounting.

Not using a cash basis of accounting (commonly known as accruals basis)

If you are not using a cash basis of accounting, you account for GST payable on taxable supplies and input tax credits for your acquisitions in the earlier of:

- the tax period in which you receive any of the consideration for the supply or you pay any of the consideration for the acquisition, or
- the tax period in which you issue an invoice to your customer asking for payment for the supply or you are issued with an invoice asking for payment for the acquisition. (An invoice is a document notifying an obligation for payment.)

EXAMPLE *accounting for GST payable when not using a cash basis*

Joe will account for GST payable in a different way if he is not using a cash basis of accounting.

On 20 September 2000 Joe supplies live chickens to a processing plant for a total invoice price of $2200 (including $200 GST). His customer pays for the chickens on 10 October.

The $200 GST payable is attributable to the tax period in which any part of the payment is received or an invoice is issued, whichever is earlier. This means Joe includes the amount of $2200 on the activity statement for the tax period in which he issues the invoice, that is, the September quarter tax period.

EXAMPLE *accounting for input tax credits when not using a cash basis*

Joe will also account for input tax credits in a different way if he is not using a cash basis of accounting.

On 20 September 2000 Joe purchases poultry feed for an invoice price of $550 (including $50 GST). He pays $330 on 30 September and the remainder on 18 October.

Joe claims the input tax credit on his activity statement for the September quarter tax period because he has an invoice which has all the details necessary for a tax invoice. Joe can include the whole amount of $550 on the activity statement for the tax period in which the poultry feed supplier issues the invoice.

Both methods of accounting are explained at the beginning of the instructions for completing G1 G10 and G11.

Tax invoices

A tax invoice must contain information required to be included on tax invoices (see pages 7–10). You must have a tax invoice before you lodge the activity statement on which you claim an input tax credit for an acquisition (except for acquisitions with a GST-exclusive value of $50 or less). If you have not obtained a tax invoice by then, you cannot claim the input tax credit on your activity statement until you have obtained the tax invoice. A supplier must provide a tax invoice within 28 days of being asked for one by a purchaser.

Go to the back of your activity statement

NOTE

The amount you show at G1 is GST-inclusive.

DEFINITION

For GST purposes, **consideration** means any form of payment (in money or anything) made in return for a supply. It includes doing something or not doing something in response to a supply, or to get someone to make a supply.

STOP

Do not include:

- salary and wages and other employment income
- pensions, annuities and so on
- amounts received from a hobby
- trust and partnership distributions
- dividends
- capital subscriptions, for example, amounts received by a company for shares issued, or
- loans received.

Do not include payments you have received for Australian taxes, fees and charges that have been excluded from the GST by Determination 2000 of the Treasurer.

Also do not include amounts for supplies made under a voluntary agreement unless the supply is to a business that is not fully entitled to input tax credits for the supply, for example, because the business makes input taxed supplies.

Supplies you have made

By completing G1 to G9 you can work out how much GST you have to pay. This will help you work out whether you owe an amount to, or are owed an amount by, the ATO.

G1 Total sales & income & other supplies

This is where you include all the payments and other **consideration** (including GST) you have received during the current tax period for supplies you have made in the course of your business. If you do not account for GST on a cash basis, you include the total amount receivable for supplies for which you have been paid in part or in full or for which you have issued invoices in the current tax period.

If you carry on a business, payments you receive for supplies you make will include all your business receipts. This means you include amounts received from your business activities, such as amounts received for sales, fees and charges for services, commissions, fares, royalties and so on. However, do not include any amounts for supplies not connected with Australia. The *Guide to GST*, available from the ATO on **13 24 78**, explains when a supply is connected with Australia.

Do not include at G1 any amounts you receive for private supplies, for example, for sale of your private residence or an item of household furniture you have used only for domestic purposes.

Include at G1 amounts for supplies, including:

- supplies of goods
- supplies of services
- the creation, grant, transfer, assignment or surrender of any right
- the sale, lease or rental of real property (that is, land and buildings)
- amounts earned from making financial supplies (see page 42)
- payments you have received or are entitled to receive for an entry into, or release from, an obligation to do anything, to refrain from an act or to tolerate an act or situation (for example, a payment you receive for agreeing, as part of the sale of your business, not to operate a similar business within a certain area)
- the monetary value of payments that are in a non-monetary form (for example, in a barter transaction where you receive goods as payment for a service you have supplied, include the GST-inclusive market value of the goods)
- supplies in satisfaction of a debt owed to you if it would have been a taxable supply if made by the debtor

DEFINITION

Associates include people and entities closely associated with you, such as relatives, or closely connected companies or trusts. A partner in a partnership is an associate of the partnership.

- the GST-inclusive market value of supplies made to **associates** at no charge or for less than the GST-inclusive market value where the associate is making the acquisition for private or partly private use, or wholly or partly for making input taxed supplies
- any amounts kept or recovered as a result of a lay-by sale being cancelled
- payments or contributions you have received from employees for fringe benefits you have provided, and
- holding or security deposits forfeited by your customers.

When to account for sales and other supplies

If you account for GST on a cash basis

Include at G1 only the payments you have actually received. For example, if the only supplies you have made are sales of goods or services, add up all the payments (including GST) you have received for these in the current tax period.

Do not include amounts owed to you for sales and other supplies you have made. Include these on the activity statement for the tax period in which you receive payment.

If you do not account for GST on a cash basis (commonly known as accruals basis)

Include at G1 the total amount receivable (including GST) for all the supplies you have made for which you have been paid in part or in full or for which you have issued invoices in the current tax period.

Start of GST

NOTE

Contact the ATO on **13 24 78** for information on transitional arrangements for contracts spanning 1 July 2000 to help you work out whether to include these amounts and what amounts to include.

If you received any payments or issued invoices before 1 July 2000 for:

- goods you delivered or made available on or after 1 July 2000
- services you performed on or after 1 July 2000
- supplies of real property (including construction and similar services) you made available on or after 1 July 2000, or
- supplies of rights to be exercised on or after 1 July 2000 or anything else to be done on or after 1 July 2000

you may have to account for these supplies in the first tax period on or after 1 July 2000.

Where a supply spans 1 July 2000, you need to include the amount for the part of the supply that is made after 1 July 2000. Do not include an amount for any supply or part of a supply that is made before 1 July 2000.

Vouchers

If you make a supply of a voucher, which on redemption entitles the holder to supplies up to a stated monetary value, you do not account for the consideration for the sale of the voucher. The sale of the voucher is not a taxable supply. Instead, you account for GST on redemption of the voucher and the consideration for the supply is the value stated on the voucher.

A voucher includes a voucher, token, stamp, coupon or similar article which, when redeemed, entitles the holder to receive supplies in accordance with its terms. However, a postage stamp is not a voucher.

Progressive or periodic supplies

If you make a supply (for example, the right to occupy real property):

- progressively or for a period, and
- the consideration is to be provided on a progressive or periodic basis (for example, monthly payments)

you account for the GST separately for each periodic component, for example, for each month if consideration is to be provided on a monthly basis.

This means you include each periodic payment in the tax period in which you receive it or, if you issue separate invoices for the periodic components, in the tax period in which you issue the relevant invoice. You do not include the whole amount payable for the supply when you receive the first payment. This rule does not apply if you use a cash basis of accounting.

Special accounting rules

There may be special rules for when you include payments for these types of supplies at G1:

- hire purchase sales
- lay-by sales
- sales made through an agent
- door-to-door sales
- coin-operated machine sales
- a supply for which part of the payment is received before the total consideration is known, and
- a supply made under a conditional contract or a contract subject to a retention clause.

> **NOTE**
> The ATO is preparing rulings on how to account for these types of supplies. Contact the ATO on **13 24 78** to find out when to account for these supplies.

Discounts, rebates, refunds or other changes to consideration

If there is a change to the consideration for any of your sales or other supplies, you may account for that change by showing *either* (but not both):

- at G1, the amount of your sales or other supplies for the current period as increased or reduced by the amount of that change, *or*
- the change as an adjustment at G7 or G18.

For example, you give a volume discount in the current tax period. If you have chosen to net discounts off your supplies in your accounts, you can reduce the amount of your supplies at G1 on the current activity statement by the amount of the change. You can do this whether the discount relates to a supply accounted for on the current activity statement or on a previous one.

> **NOTE**
> Netting off changes to the amount shown at G1 instead of showing the amount as an adjustment at G7 or G18 does not mean the amount is not an adjustment. It does not alter your obligation to give an adjustment note to the recipient of the supply.

If the change to the consideration relates to exports, other GST-*free* supplies or input taxed sales and income and other supplies, also show the reduced amount at G2 G3 or G4.

Alternatively, if you have chosen to record your discounts in a separate account, you can show the amount of the reduction as an adjustment on the activity statement for the tax period in which you give the discount. You can do this whether the discount given relates to a supply accounted for on the current activity statement or on a previous one. You do not account for a change in consideration as an adjustment if there is no GST included in the price of the supply. The net amount of your adjustment is shown at G7 or G18. You can find out more about how to make an adjustment on pages 59–73.

Non-profit bodies

If you are a charitable institution, trustee of a charitable fund, deductible gift recipient, registered non-profit sub-entity, sporting or community association, registered club or similar non-profit organisation, include amounts received from all your various activities.

This will include amounts received from:

- membership fees
- trading, such as from sales of goods (new and used)
- providing services to people in need
- conducting raffles (include only the net proceeds after deducting prizes – see the section 'Gambling, raffles, gaming and betting' on the next page)
- other fundraising activities
- sponsorship, and
- grants.

STOP

Do not include amounts received as bequests, gifts or loans.

If you have chosen to treat some or all of your separately identifiable branches as separate entities (non-profit sub-entities), do not show amounts from the activities of these branches.

Insurance settlements

If you receive an insurance settlement under your insurance policy, this is not a taxable supply. You do not include an amount for the settlement at G1 provided you notified your insurer of the extent to which you are entitled to input tax credits on the premium for the policy.

If you receive an insurance settlement under an insurance policy under which you are not insured, this is not a taxable supply. Do not include an amount for the settlement at G1.

If you receive a settlement for a claim against an insured entity in circumstances where the insured entity receives a settlement from its insurer which it pays to

NOTE

Contact the ATO on **13 24 78** if you need more information.

you in settlement of your claim against it, this is not a taxable supply. Do not include an amount for the settlement at G1.

Special rules about amounts to include at G1

Gambling, raffles, gaming and betting

If you make gambling supplies (for example, conduct casino operations, operate gaming machines in clubs and hotels, conduct lotteries and raffles, take bets on racing or other events), you include only the net amount after deducting cash prizes paid out from the gross proceeds in the tax period. If you pay out non-cash prizes, do not deduct the value of these from the gross proceeds. Include the amounts you paid to purchase these prizes at G10 or G11.

If the amount worked out as above is a negative amount, that is, the cash prizes paid out are more than the gross proceeds, do not include anything at G1 for your gambling activities. (You may have other amounts to include from other supplies and sales.) You can take the amount of this loss away from the gross proceeds from making gambling supplies on your next activity statement.

Insurance premiums

The GST on premiums for insurance policies you sell is $^1/_{11}$th of the amount of the premium excluding stamp duty, not $^1/_{11}$th of the total premium. Include at G1 the amount for premiums less the amount of stamp duty.

Supplies of interests in real property made under the margin scheme

If you have made a supply of a freehold interest, strata unit or long-term lease under the margin scheme, do not include the whole amount you received or are entitled to receive for the supply if you calculated GST on the supply using the margin scheme.

Include only the amount of the margin on your sale. The margin is your sale price (including GST) less your original purchase price. If your original purchase price is more than your sale price, there is no margin and no amount to be included.

If you held a freehold interest, strata unit or long-term lease at 1 July 2000, you must use the value of the interest, unit or lease at 1 July 2000 instead of the original purchase price to work out the margin on the supply. If the value is more than your sale price, there is no margin and therefore no amount to be included.

Use the value of the interest on the day of effect of your registration (or the day you applied for registration if earlier) instead of the original purchase price if:

- you registered (or became required to be registered) for GST after 1 July 2000, and
- you held the interest in real property before 1 July 2000, and
- you hold the interest in real property on the day of effect of your registration (or the day you applied for registration if earlier).

NOTE

You cannot use the margin scheme if you acquired property through a taxable supply where GST was calculated without using the margin scheme.

If the Commonwealth, State or Territory held the interest at 1 July 2000, the value of the land at the date of supply should be used as if there were no improvements on the land.

> **NOTE**
> You can choose to treat supplies of long-term accommodation in commercial residential premises as input taxed.
>
> Commercial residential premises include hotels, motels, inns, hostels, boarding houses, ships, caravan parks, camping grounds and similar premises.

Long-term accommodation in commercial residential premises

If you have made a supply of long-term accommodation to any individual for a continuous period of 28 days or more in commercial residential premises, and you have not chosen to treat the supply as input taxed, there is a special way of working out the GST payable. Include at G1 an amount equal to the GST payable on the supply multiplied by eleven. If you need help to work this out contact the ATO on **13 24 78**.

Luxury cars

If you have made a taxable supply of a luxury car, include at G1 the amount of the payment excluding the luxury car tax.

Supplies of goods in bond

If you have made a taxable supply of excisable goods that are in bond, there is a special way of working out the GST payable. Include at G1 an amount equal to the GST payable on the supply multiplied by eleven.

Intangible supplies from offshore (a 'reverse charge' on the recipient)

If you acquire things other than goods or real property for the purpose of an enterprise you carry on in Australia and

- the supply to you is for consideration
- the thing is going to be used partly for a private or domestic purpose or partly or solely for making input taxed supplies, and
- the supply is not connected with Australia

this is a taxable supply and you are liable to pay GST (even though you are the recipient and not the supplier). Include at G1 the amount paid or payable for the acquisition (to the extent that the supply is not GST-*free* or input taxed) multiplied by $^{11}/_{10}$.

Completing G1

STEP 1 Work out the total amount of your payments and other consideration for supplies you have made in the course of your business. *Remember to show GST-inclusive amounts.*

STEP 2 Write this total amount at G1.

> **NOTE**
> All amounts included at G2 should also have been included at G1.

G2 Exports (GST-*free* supplies)

Complete G2 only if you have made export sales in the course of your business.

STOP

Do not include at G2 amounts for services, unless they relate to the repair, processing or modification of goods for re-export.

Do not include freight and insurance for transport of the goods outside Australia, or other charges imposed outside Australia in the free on board value. Include these amounts at G3.

Include the following amounts at G2:

- the free on board value of exported goods (this is the value used for customs purposes) which are GST-*free* because
  - the goods were exported before or within 60 days after receiving any of the consideration, or before or within 60 days after issuing an invoice if this was done before any of the consideration was received
  - (if payment for the goods was to be made by instalments) the goods were exported before or within 60 days after receiving any of the final instalment, or before or within 60 days after issuing an invoice for the final instalment if this was done before any of the final instalment was received, or
  - (for exports of aircraft or ships) the recipient of the ship or aircraft had taken it out of Australia under its own power within 60 days after taking physical possession
- payments for
  - the repair, processing or modification of goods from overseas which are to be exported after the repair, processing or modification, and
  - goods used in the repair, processing or modification of other goods from overseas which are to be exported. The goods must be attached to or become part of the exported goods, or become unusable or worthless because of the repair, processing or modification.

Completing G2

STEP 1 Work out the total amount of your export sales.

STEP 2 Write this total amount at G2.

G3 Other GST-*free* supplies

NOTE

All amounts included at G3 should also have been included at G1.

Complete G3 only if you have made GST-*free* supplies, other than exports you included at G2, in the course of your business.

You do not charge GST on supplies that are GST-*free* but you are entitled to input tax credits for anything acquired or imported for use in your business. GST-*free* supplies include:

- basic food, which includes food for human consumption unless it is
  - consumed on the premises from which it is supplied (for example, cafes and restaurants)
  - hot takeaway food, or
  - food listed in Schedule 1 of *A New Tax System (Goods and Services Tax) Act 1999* (that is, prepared food, confectionery, savoury snacks, bakery products, ice cream foods and biscuits)

NOTE

Not all food and beverages are GST-*free*. Contact the ATO on **13 24 78** for more information.

✻ NOTE

Not all health, education and childcare services are GST-*free*. Contact the ATO on **13 24 78** for more information.

- beverages (including water) for human consumption listed in Schedule 2 of *A New Tax System (Goods and Services Tax) Act 1999*
- most health and education services and eligible childcare services
- supplies of cars for certain use by disabled people
- the following supplies made by charitable institutions, trustees of charitable funds or deductible gift recipients
  - supplies other than accommodation where the amount charged is less than 50 per cent of the GST-inclusive market value
  - supplies other than accommodation where the amount charged is less than 75 per cent of the acquisition cost
  - supplies of accommodation where the amount charged is less than 75 per cent of the GST-inclusive market value
  - supplies of accommodation where the amount charged is less than 75 per cent of the cost of providing it
  - sale of donated second-hand goods provided nothing has been done to the goods to change their nature (for example, clothes shredded for resale as rags are not GST-*free*) and
  - raffles and bingo, provided they do not contravene a State or Territory law
- supplies of religious services
- certain supplies of services and rights for use or consumption outside Australia
- supplies of international transport and some related domestic transport and other expenses
- certain supplies relating to international mail
- supplies of aircraft and ship's stores for use, consumption or sale on international flights or voyages
- supplies by lease or hire of goods used outside Australia
- supplies of water except where it is supplied in or transferred into containers with a capacity of less than 100 litres
- sewerage services, including emptying septic tanks
- supplies of draining of storm water
- supplies of going concerns where certain conditions are satisfied
- supplies of farm land where a farming business has been carried on for at least five years (these supplies are only GST-*free* in certain circumstances)
- the first supply of precious metal after refining where it is sold to a dealer in precious metal
- initial grants of freehold and similar interests in unimproved land by Commonwealth, State or Territory governments, and
- amounts for export sales *not* included at G2 (for international freight, insurance and other charges).

✻ NOTE

Food retailers may be eligible to use a simplified accounting method to estimate their GST-*free* supplies if:

- they are registered for GST
- they have an annual turnover of less than $1 million ($2 million in 2000–01)
- they do not have adequate point-of-sale equipment, and
- they sell taxable and GST-*free* food from the same premises.

More information is in the booklet, *Simplified GST Accounting Methods for Food Retailers*, which is available from the ATO on **13 24 78**.

Completing G3

STEP 1 Work out the total amount of GST-*free* supplies you have made in the course of your business.

STEP 2 Write this total amount at G3.

NOTE
All amounts included at G4 should also have been included at G1.

G4 Input taxed sales & income & other supplies

Complete G4 only if you have made input taxed supplies in the course of an enterprise that you carry on.

You do not charge GST on input taxed supplies but neither are you entitled to input tax credits for anything acquired or imported to make the supplies. Input taxed supplies include:

- financial supplies
- supplies (by lease or hire) of residential premises
- supplies of long-term accommodation in commercial residential premises if a choice is made to treat the supply as input taxed
- sales of residential premises (that is, houses, flats and so on) except for commercial residential premises or new residential premises
- supplies of precious metals (gold, silver and platinum of specified levels of fineness sold in an investment form) except those supplies which are GST-*free* (see the previous page), and
- supplies of food by school tuckshops and canteens if they choose to treat the supplies of food as input taxed and they supply nothing other than food.

Financial supplies

Include the total amount earned from making financial supplies.

You may make financial supplies even though you are not a bank, credit union or other financial institution. For example, you will have made a financial supply if you provide a credit advance by providing a customer with goods on credit for a fee. Include any amounts earned on credit advances and similar supplies at G4.

Residential premises

Include amounts for renting or leasing residential premises other than commercial residential premises. Include amounts for providing long-term accommodation in commercial residential premises only if you choose to treat the supply as input taxed. New residential premises include premises that have been substantially renovated.

STOP
Do not include at G4 any amounts you have not included at G1. For example, an amount for the sale of your own home would not have been included at G1.

NOTE

Amounts for sales of new or commercial residential premises should be included at G1.

STOP

Do not include at G4 any amounts received for food provided to school students as part of their board. These amounts should have been included at G1.

Include amounts for sales of residential premises (other than new residential premises or commercial residential premises) only to the extent that the premises are to be used predominantly for residential accommodation.

School tuckshops and canteens

If you are a non-profit body operating a shop such as a tuckshop or canteen and:

- the tuckshop or canteen supplies food on the grounds of a primary or secondary school
- the tuckshop or canteen does not supply anything other than food, and
- you have chosen to have all the supplies of food treated as input taxed

include amounts received for the sales at G4.

Completing G4

STEP 1 Work out the total amount of input taxed supplies you have made.

STEP 2 Write this total amount at G4.

G5 Add G2 + G3 + G4

(This is the total of your GST-*free* and input taxed supplies.)

Completing G5

STEP 1 Add the amounts recorded at G2 G3 and G4. This is your total amount of GST-*free* and input taxed supplies.

STEP 2 Write this total amount at G5.

G6 G1 minus G5

(This is the total of your taxable supplies.)

Completing G6

STEP 1 Subtract G5 from G1 to get your total taxable supplies.

STEP 2 Write this total amount at G6.

DEFINITION

An **adjustment** is a change you may need to make on your activity statement to increase or decrease your net GST amount payable or refundable for a tax period.

G7 Adjustments

From time to time you may need to make an **adjustment** (up or down) if you have paid too much or too little GST on a previous activity statement. You can also treat as adjustments any changes in consideration or refunds that occur in the same period in which you record the amount of supplies and acquisitions at G1 G10 or G11.

Remember, you may either show discounts, rebates and refunds as adjustments or net these amounts off your supplies or acquisitions. This is explained on pages 36–37 for supplies and on page 46 for acquisitions. Go to the instructions on page 59 if you need to make any adjustments or if you are accounting for any other changes to consideration as adjustments.

G8 Add G6 + G7

(This is the total of your taxable supplies after adjustments.)

Completing G8

STEP 1 Add the amounts at G6 and G7. This is the total of your taxable supplies, including the amount of the excess of increasing adjustments over decreasing adjustments.

STEP 2 Write this total amount at G8.

G9 Divide G8 by eleven

Completing G9

STEP 1 Divide the amount at G8 by eleven. This shows your total GST payable.

STEP 2 Write this total amount at G9.

STEP 3 Transfer the amount at G9 to 1A on the front of your activity statement.

Go to the front of your activity statement

1A Goods and services tax payable

The amount you have transferred from G9 to 1A is your total GST payable.

DEFINITION

An **acquisition** includes:
- an acquisition of goods
- an acquisition of services
- a receipt of advice or information
- an acceptance of a grant, transfer, assignment or surrender of any right
- an acceptance of a grant, assignment or surrender of real property
- an acquisition of a financial supply
- an acquisition of a right to require another person:
  - to do anything
  - to refrain from an act
  - to tolerate an act or situation, or
- any combination of any of the above.

NOTE

Regardless of whether you account for GST on a cash basis or not on a cash basis, to claim an input tax credit you must hold a tax invoice for acquisitions with a GST-exclusive value of more than $50.

Acquisitions you have made

By completing G10 to G20 you can work out how much input tax credit you are entitled to. This will help you work out whether you owe an amount to, or are owed an amount by, the ATO.

You are entitled to input tax credits for the GST:
- included in the price charged by your suppliers (for taxable supplies to you of goods, services and anything else), or
- payable to the Australian Customs Service on importations or payable under the Deferred GST Scheme

where the supplies or importations are for use in your business (except if they are for making input taxed supplies).

When to account for acquisitions

If you account for GST on a cash basis

If you account for GST on a cash basis, you can claim credits only when you actually pay for your acquisitions. This means that you claim credits for the GST included in payments made (not amounts payable) for acquisitions in the tax period in which the payments are made.

If you do not account for GST on a cash basis (commonly known as accruals basis)

If you do not account for GST on a cash basis, you claim credits for the GST included in the amount payable for your acquisitions in the tax period in which you have paid any of the consideration or the supplier has issued an invoice requesting payment.

Start of GST

If you make a payment or receive an invoice before 1 July 2000 for an acquisition spanning that date, you may claim the input tax credit in the first tax period after 1 July 2000. If the documentation issued to you by the supplier shows only the GST payable and not the price of the taxable supply, include at G10 or G11 an amount equal to the GST multiplied by eleven.

Progressive or periodic supplies

If you make an acquisition (for example, the right to occupy real property):
- progressively or for a period, and
- the consideration is to be provided on a progressive or periodic basis (for example, monthly payments)

you account for the input tax credit separately for each periodic component, for example, for each month if consideration is to be provided on a monthly basis.

This means you include each periodic payment in the tax period in which you make it or, if separate invoices are issued for the periodic components, in the tax period in which the relevant invoice is issued. You do not include the whole amount payable for the acquisition when you make the first payment. This rule does not apply if you use a cash basis of accounting.

Goods and services tax

✻ NOTE

The ATO is preparing rulings on how to account for these types of acquisitions. Contact the ATO on **13 24 78** to find out when to account for these acquisitions.

Special accounting rules

There may be special rules for when you include payments made for these types of acquisitions at G10 or G11:

- acquisitions under hire purchase agreements
- acquisitions under lay-by agreements
- acquisitions made through an agent
- door-to-door sales
- an acquisition for which part of the payment is made before the total consideration is known, and
- an acquisition under a conditional contract or a contract subject to a retention clause.

✻ NOTE

For an increase in consideration, including the amount at G10 or G11 instead of showing it as an adjustment at G7 or G18 does not mean the amount is not an adjustment. It does not alter your obligation to hold an adjustment note for that increase.

Discounts, rebates, refunds or other changes to consideration

If there is a change to the consideration for any of your acquisitions, you may account for that change by showing *either* (but not both):

- at G10 or G11, the amount of your acquisitions for the current period as increased or reduced by the amount of that change, *or*
- the change as an adjustment at G7 or G18.

For example, you receive a volume discount in the current tax period. If you have chosen to net discounts off your acquisitions in your accounts, you can reduce the amount of the acquisitions at G10 or G11 on the current activity statement by the amount of the change. You can do this whether the discount relates to an acquisition accounted for on the current activity statement or on a previous one. If the change to the consideration related to a non-creditable acquisition, also show the reduced amount at G13 G14 or G15.

Alternatively, if you have chosen to show your discounts in a separate account, you can show the amount of the reduction as an adjustment on the activity statement for the tax period in which you receive the discount. You can do this whether the discount received relates to an acquisition accounted for on the current activity statement or on a previous one. You do not account for a change in consideration as an adjustment if there is no GST included in the price of the acquisition. The net amount of your adjustments is shown at G7 or G18. You can find out more about how to make an adjustment on pages 59–73.

DEFINITION

GST is payable on goods imported into Australia unless the goods are duty-free under customs law or would have been GST-*free* or input taxed if they had been supplies. GST is payable on **taxable importations** regardless of whether you are registered or required to be registered for GST purposes.

When to account for taxable importations

Whether you account for GST on a cash basis or not, you include the value of **taxable importations** in the tax period in which you pay GST on the importation.

NOTE

The Deferred GST Scheme allows GST to be deferred until you lodge your first activity statement after the goods are entered for home consumption.

NOTE

The amount you show at G10 is GST-inclusive.

STOP

Include at G10 acquisitions and importations that you record as capital in your accounts.

Include amounts for all your other acquisitions and importations at G11.

STOP

Do not include at G10 amounts for capital acquisitions that include GST in the price if you do not have a tax invoice (except for acquisitions with a GST-exclusive value of $50 or less). Include these amounts in the tax period in which you hold the tax invoice.

However, if you participate in the Deferred GST Scheme, you include the value of taxable importations in the tax period in which you become liable to pay GST on the importation. You become liable to pay GST under the deferral scheme when the goods are imported and the entry for home consumption is finalised.

G10 Capital acquisitions

Complete G10 only if you made capital acquisitions and capital importations for use in your business.

This is where you include the amounts you have paid in the current tax period for acquisitions and importations of capital items for use in your business. Include amounts for acquisitions and importations that you record as capital in your accounts.

If you do not account on a cash basis, you include the amount payable for acquisitions for which you have paid any of the consideration or the supplier has issued an invoice requesting payment.

See below for details of how to work out the amounts to include for importations.

Importations of goods

For non-taxable importations of capital items for use in your business, include the amounts paid or payable for the goods imported, the international transport of the goods to their place of consignment in Australia, and insurance of the goods for that transport.

For taxable importations of capital items for use in your business, do not include the actual amount paid or payable for the goods imported, or the amount paid or payable for transport and insurance of the goods imported. Instead, for these taxable importations include either:

1. the value of the importations plus the GST payable on the importations or, if it is not practicable to include that amount
2. GST payable on the importations multiplied by eleven.

The amount to be included under the first option is made up of:

(a) the customs value of the goods imported

(b) the amount paid or payable
  - for the international transport of the goods to their place of consignment in Australia, and
  - to insure the goods for that transport

to the extent that this amount is not already included under paragraph (a)

(c) any customs duty payable in respect of the importation of the goods, and
(d) GST payable on the taxable importations.

GST payable includes GST payable under the Deferred GST Scheme on imported goods.

You may make payments of GST to Customs in this tax period to amend import transactions that occurred in the current tax period or in an earlier period in relation to capital items for use in your business. If so, include at G10 the amount of GST paid multiplied by eleven.

These payments to Customs will arise if the value of the taxable importation is increased for any reason, or you had incorrectly classified the goods as GST-*free* at importation. Amendments to the value of the taxable importation may be necessary to take account of a number of matters, including changes to:

- the customs value
- the customs tariff classification, or
- the amount paid or payable for the international transport or insurance of the goods.

NOTE
For importations of goods entered for warehousing, do not include any amount at G10 until the goods are cleared for home consumption. This is when Customs releases them for use in Australia.

Special rules about amounts to include at G10

Purchases of cars

If you include an amount for the purchase of a car for use in your business and it has a GST-inclusive market value greater than the car depreciation limit, include only the amount of the limit. The car depreciation limit for the year ending 30 June 2000 is $55 134. (This limit is indexed each year for inflation.) This applies to purchases of second-hand cars and new cars. There are other limitations on the amount of expenditure on new cars you can include.

Purchases of new motor vehicles

Full credits for GST on new motor vehicles will be phased in over two years after GST starts on 1 July 2000, as shown in the following table.

Date of purchase of new motor vehicle	Percentage of input tax credit on new motor vehicle that can be claimed (see note)
From 1 July 2000 up to and including 30 June 2001	0
From 1 July 2001 up to and including 30 June 2002	50
From 1 July 2002 onwards	100

NOTE
This means, for example, that on your activity statement you include only this percentage of the amount of the acquisition, subject to the depreciation limit.

For example, if you acquire a motor vehicle costing $22 000 (including $2000 GST) for your business in August 2001, you show $11 000 at G10 on your activity statement – that is, 50 per cent of the purchase price of the motor vehicle.

If you plan to use the vehicle 50 per cent for private purposes, you also include 50 per cent of $11 000, that is, $5500, at G15.

These phasing-in rules do not apply to second-hand vehicles. This means you can claim an input tax credit for the GST included in the price of a second-hand vehicle acquired for use in your business.

However, you can include total amounts for new motor vehicles if:

- you would have been entitled to a sales tax exemption (under the wholesale sales tax system operating before 1 July 2000) on the purchase of new motor vehicles

- you purchase the motor vehicles as trading stock, but not as stock for hire, or
- you are an insurance company and you buy new motor vehicles as replacement vehicles for claimants under insurance policies.

For the purpose of claiming input tax credits, a new motor vehicle is:
- any new motor-powered road vehicle (including four-wheel-drive vehicles)
- a new detachable trailer designed to be towed by a heavy prime mover, such as a detachable trailer for a semi-trailer, or
- a new body for a motor vehicle, including an insulated body, tank body or other body designed for transporting goods (for example, a tank for transporting milk).

Real property

If you acquired a freehold interest, strata unit or long-term lease and the GST included in the price you paid was worked out using the margin method, you are not entitled to a credit for that GST. This means you should not include the consideration provided for the acquisition at G10.

Intangible supplies from offshore

For offshore acquisitions of things other than goods and real property that are of a capital nature and for use in your business, include at G10 the amount paid or payable for these acquisitions, including any GST payable as a 'reverse charge' on you as the recipient.

Associates

If you acquired goods or services or anything else of a capital nature for no charge or for less than the GST-inclusive market value from an associate for partly private use (or partly for making input taxed supplies), you treat this for GST purposes as if you had paid market value consideration. If you have made any of these acquisitions, include at G10 the whole amount you would have paid or been required to pay if you had been charged the GST-inclusive market value.

NOTE

Associates include people and entities closely associated with you, such as relatives or closely connected companies or trusts.

Completing G10

STEP 1

Work out the amount of acquisitions of capital items. Include the whole amount at G10. Include at G13 the part of the amount, if any, that relates to making input taxed supplies. Include at G15 the part of the amount, if any, that relates to planned private use.

STEP 2

Work out the amount of importations of capital items. Include the whole amount at G10. Include at G13 the part of the amount, if any, that relates to making input taxed supplies. Include at G15 the part of the amount, if any, that relates to planned private use.

STEP 3

Write at G10 the total amount for acquisitions and importations of capital items.

STOP

Do not include salary, wages and other payments to employees.

NOTE

The amount you show at G11 is GST-inclusive.

STOP

Do not include at G11 amounts for other acquisitions that include GST in the price if you do not have a tax invoice (except for acquisitions with a GST-exclusive value of $50 or less). Include these amounts in the tax period in which you hold the tax invoice.

G11 Other acquisitions

This is where you include all the amounts you have paid in the current tax period for acquisitions and importations of other than capital items for use in your business.

If you do not account for GST on a cash basis, you should include in the current tax period the total amount payable for acquisitions for which you have paid any of the consideration or the supplier has issued an invoice requesting payment.

If you are carrying on a business, you include most of your business expenses. Do not include acquisitions or importations that are not for use in your business. (Include amounts for acquisitions or importations that are partly for making input taxed supplies or partly for use in your business. Include the whole payment at G11. Include at G13 the part of the payment, if any, that relates to making input taxed supplies. Include at G15 the part of the payment, if any, that relates to planned private use.)

The amounts included may be payments (or the money equivalent of some other form of consideration) for goods, services or anything else for use in your business.

Importations of goods

For non-taxable importations of goods other than capital items for use in your business, include the amounts paid or payable for the goods imported, the international transport of the goods to their place of consignment in Australia, and insurance of the goods for that transport.

For taxable importations of goods other than capital items for use in your business, do not include the actual amount paid or payable for the goods imported, or the amount paid or payable for transport and insurance of the goods imported. Instead, for these taxable importations include either:

1. the value of the importations plus the GST payable on the importations or, if it is not practicable to include that amount
2. GST payable on the importations multiplied by eleven.

The amount to be included under the first option is made up of:

(a) the customs value of the goods imported

(b) the amount paid or payable
   - for the international transport of the goods to their place of consignment in Australia, and
   - to insure the goods for that transport

   to the extent that this amount is not already included under paragraph (a)

(c) any customs duty payable in respect of the importation of the goods
(d) any wine tax payable in respect of the local entry of the goods, and
(e) GST payable on the taxable importations.

GST payable includes GST payable under the Deferred GST Scheme on imported goods.

You may make payments of GST to Customs in this tax period to amend import transactions that occurred in the current tax period or in an earlier period in relation to goods other than capital items for use in your business. If so, include at G11 the amount of GST paid multiplied by eleven.

NOTE

For importations of goods entered for warehousing, do not include any amount at G11 until the goods are cleared for home consumption.

These payments to Customs will arise if the value of the taxable importation is increased for any reason, or you had incorrectly classified the goods as GST-*free* at importation. Amendments to the value of the taxable importation may be necessary to take account of a number of matters, including changes to:

- the customs value
- the customs tariff classification, or
- the amount paid or payable for the international transport or insurance of the goods.

Insurance settlements and related transactions – insurers

The ATO is preparing additional instructions to help insurers complete their activity statement. Contact the ATO on **13 24 78** for more information.

Payment of an excess to an insurer

If you pay an excess to your insurer, you are not entitled to claim input tax credits on that excess. Do not include the amount of the excess at G11.

STOP

To claim a credit for your second-hand trading stock, you need to create a record showing the name and address of the supplier, and a description of the goods, including the quantity, the date of purchase and the amount paid or payable. This record takes the place of a tax invoice.

**Where the purchase does not exceed $50 you do not need to keep such a detailed record.*

Reimbursements

You also include acquisitions for your business paid for you by an employee, agent, officer (if you are a company) or partner (if you are a partnership) for which you have reimbursed them. You need the tax invoice obtained by the person who you reimbursed for the expense to claim your input tax credit.

Special rules about amounts to include at G11

Acquisitions of second-hand trading stock from unregistered people

If you buy second-hand goods for trading stock for your business or other enterprise and there is no GST included in the price you pay for those goods (for example, you may have purchased the goods from a person who is not registered for GST), you may include an amount at G11 even though there was no GST included in the amount you had to pay for the goods.

NOTE
This is a special rule for second-hand goods.

How much you include and when you include it depends on whether:

- you paid more than $300 for the goods, or
- the goods are divided for re-supply.

If you paid more than $300 for the second-hand goods and the goods are not divided for re-supply, you can claim a credit only when you sell the goods and charge GST on the sale. This means that you include on the activity statement for the tax period in which you account for the sale of the goods either:

- the amount you paid for the second-hand goods, or
- if you sell the goods for less than you paid for them, only an amount equal to the sale price.

If you paid $300 or less for the second-hand goods, include the amount you paid on the activity statement for the tax period in which you pay it. Alternatively, you can choose not to include the amount you paid on the activity statement until you sell the goods, just as you do for goods for which you paid more than $300. If you do not account for GST on a cash basis, include the total purchase price on the activity statement for the tax period in which you pay any of the consideration or an invoice is issued.

A special method of working out your credit for second-hand goods applies if you pay more than $300 for second-hand goods which you divide into a number of supplies, for example, in the case of motor vehicle dismantlers. The effect is that you pay GST on your sales only after you have used up all of your credits for these goods. For more information contact the ATO on **13 24 78**.

Insurance premiums

Credits can be claimed only if GST has been included in the insurance premium you paid or are required to pay to the insurance company. Generally, GST will be charged on insurance policies other than life insurance and health insurance policies. The amount to be included at G11 is the price of the insurance premium less the amount of stamp duty.

For compulsory third party motor insurance premiums paid before 1 July 2003, you cannot include the amount of the premium in your acquisitions.

Refunds for returnable containers

If you pay a refund on returnable containers to unregistered people, there will be no GST included in the refund you pay.

However, you can claim a credit when you sell the containers and charge GST on the sale. This means that you include the amount you paid as refunds for the containers at G11 – but not until you sell the goods. You include the refunds (only up to the amount you are obliged to pay under the State or Territory law which requires you to pay the refund) on the activity statement on which you include the amount for the sale of the containers at G1.

Long-term accommodation in commercial residential premises
If you have an expense relating to accommodation for a period of 28 days or more in a hotel, motel, inn, hostel, ship, boarding house, caravan park, camping ground or similar commercial residential premises for the purposes of your business and GST was included in the amount you paid (or are liable to pay if accounting on a non-cash basis), there is a special way of working out how much of this expense to show at G11.

Include an amount equal to the amount of GST shown on the tax invoice multiplied by eleven, instead of the amount you were actually charged for the accommodation.

Intangible supplies from offshore
For offshore acquisitions of things other than goods and real property that are not of a capital nature and are for use in your business, include at G11 the amount paid or payable for these acquisitions, including any GST payable as a 'reverse charge' on you as the recipient.

Associates
If you acquired goods or services or anything else not of a capital nature for no charge or for less than the GST-inclusive market value from an associate for partly private use (or partly for making input taxed supplies), you treat this for GST purposes as if you had paid market value consideration. Associates include people and entities closely associated with you, such as relatives or closely connected companies or trusts.

If you have made any of these acquisitions, include at G11 the whole amount you would have paid or been required to pay if you had been charged the GST-inclusive market value.

Completing G11

STEP 1 Work out the total amount of acquisitions of other than capital items for your business.

STEP 2 Work out the total amount of importations of other than capital items.

STEP 3 Write this total amount for acquisitions and importations at G11.

G12 Add G10 + G11

(This is the total of your acquisitions.)

Completing G12

STEP 1 Add the amounts written at G10 and G11. This is your total amount of acquisitions and importations for your business.

STEP 2 Write this total amount at G12.

G13 Acquisitions for making input taxed sales & income & other supplies

You are not entitled to input tax credits for GST included in acquisitions and paid on importations related to making input taxed supplies. However, if you make financial supplies you could be entitled to a partial credit for certain acquisitions.

Input taxed supplies include:

- financial supplies
- supplies (by lease or hire) of residential premises
- supplies of long-term accommodation in commercial residential premises if a choice is made to treat the supply as input taxed
- sales of residential premises (that is, houses, flats and so on) except for commercial residential premises or new residential premises (new residential premises include premises that have been substantially renovated)
- supplies of precious metals (gold, silver and platinum of specified levels of fineness) except those supplies which are GST-*free* (see page 41), and
- supplies of food by school tuckshops and canteens if they choose to treat the supplies of food as input taxed and they supply nothing other than food.

If you have included an amount at G10 or G11 and at the time you made the acquisition or importation you planned to use the thing it relates to in whole or in part for making any of the input taxed supplies listed above, show at G13 the whole or part of the amount for the acquisition or importation that relates to making those supplies. For 'reduced credit acquisitions' that relate to making financial supplies, include only 25 per cent of those acquisitions at G13. (You would have included the full amount of reduced credit acquisitions at G11.)

However, if your annual turnover of financial supplies is less than:

- $50 000, or
- 5 per cent of your total annual turnover (including input taxed supplies)

you do not have to include any part of the amount related to making those financial supplies at G13. You are entitled to the input tax credits for GST included in the acquisitions and paid on the importations that relate to making those supplies.

NOTE

The amount you show at G13 is GST-inclusive. All amounts included at G13 should also have been included at G10 or G11.

NOTE

For more information on reduced credit acquisitions, contact the ATO on **13 24 78**.

STOP

**The Treasurer has announced changes relating to this rule and to borrowing-related expenses.*

STOP

*These changes were announced in the Treasurer's Press Release No. 13, 'Simplified approach for financial services to benefit small business' and Press Release No. 37, 'Amendments to the Goods and Services Tax Act and related legislation'.

**The new rule announced by the Treasurer will be based on the level of input tax credits under which an entity will not be denied any input tax credits. This will be the lesser of $50 000 or 10 per cent of the total input tax credits of that entity.*

It is also proposed to allow entities to claim input tax credits for borrowing-related expenses unless the borrowing relates to making other input taxed supplies. Borrowing-related expenses will not be included when calculating whether or not an entity exceeds the level for claiming input tax credits under the new rule.

Completing G13

STEP 1 Work out the total amount of your acquisitions and importations that relate to making input taxed supplies.

STEP 2 Write this total amount at G13.

NOTE

All amounts included at G14 should also have been included at G10 or G11.

If you have included an amount at G13 do not include it at G14.

G14 Acquisitions with no GST in the price

Include amounts for the following at G14:

- acquisitions where the supply to you is GST-*free* or input taxed (there is a list of GST-*free* supplies on pages 40–41 and input taxed supplies on page 42)
- acquisitions you make from people who are not registered for GST (there are some limited exceptions to this; see the explanation about purchases of second-hand goods and returnable containers at G11)
- payments you have made for Australian taxes, fees and charges where GST was not included in the amount charged (include these amounts only if you have also included them at G11)
- importations which are not taxable importations and therefore no GST has been paid to Customs or is payable under the Deferred GST Scheme, and
- intangible supplies from offshore which are not taxable supplies to you and therefore you were not liable for GST (a 'reverse charge' payable by the recipient).

There is no entitlement to input tax credits for these acquisitions and importations.

NOTE

Small food retailers may be able to use a simplified accounting method to work out their acquisitions with no GST in the price (see the note on page 41).

Completing G14

STEP 1 Work out the total amount of your acquisitions where no GST was included in the price and of your importations which were not taxable importations.

STEP 2 Write this total amount at G14.

G15 Total of estimated private use of acquisitions + non income tax deductible acquisitions

> ✱ NOTE
> The amount you show at G15 is GST-inclusive.

> ✱ NOTE
> If you have included an amount at G13 or G14 do not include it at G15.

Include at G15 amounts for the following acquisitions and importations for which you are not entitled to input tax credits.

Acquisitions and importations partly for private or domestic purposes

If you include an amount for an acquisition or importation at G10 or G11 and, at the time you made the purchase or incurred the expense you planned to use the thing acquired (goods, services, real property, rights or anything else) partly for private or domestic purposes, you need to include an amount at G15. The amount you include at G15 is the part relating to the planned private or domestic use.

Acquisitions and importations which are not deductible for income tax purposes

Include these acquisitions and importations at G15 only if you have included them at G11.

There are some acquisitions and importations which include GST but for which you cannot claim credits, generally because they have a private element. They are:

- penalties payable under any Australian law or the law of a foreign country
- travel expenses for relatives – where you undertake business travel and you are accompanied by a relative, except when they are fringe benefits and are deductible for income tax purposes
- recreational club expenses – amounts paid to obtain membership or rights to enjoy facilities of a recreational club except when they are fringe benefits and are deductible for income tax purposes
- entertainment expenses – except when they are fringe benefits and are deductible for income tax purposes
- non-cash business benefits, and
- uniforms – expenses for the purchase and maintenance of a uniform and footwear where they are not specific to your occupation, not protective clothing or not compulsory.

Completing G15

STEP 1

Work out the amount relating to the planned private or domestic use for each acquisition or importation. You do this by estimating the percentage planned private use and multiplying the total amount for the acquisition or importation by this percentage. (You will have included the total amount at G10 or G11.)

STEP 2 Work out the amount relating to acquisitions and importations which are not deductible for income tax purposes.

STEP 3 Add the amounts from Step 1 and Step 2.

STEP 4 Write this total amount from Step 3 at G15.

G16 Add G13 + G14 + G15

(This is the total of your non-creditable acquisitions.)

Completing G16

STEP 1 Add the amounts written at G13 G14 and G15. These are the acquisitions and importations for which you are not entitled to input tax credits.

STEP 2 Write this total amount at G16.

G17 G12 minus G16

(This is the total of your creditable acquisitions.)

You should have tax invoices for all acquisitions included in the total at G17 (except those with a GST-exclusive value of $50 or less – and you should have some other documentary evidence for these). If you were not given a tax invoice when you made the purchase, you can request one from the supplier, who is required to give you one within 28 days of your request. Only suppliers registered for GST can issue tax invoices.

Completing G17

STEP 1 Subtract the amount at G16 from the amount at G12. This is the total of your creditable acquisitions and importations.

STEP 2 Write this total amount at G17.

G18 Adjustments

DEFINITION

An **adjustment** is a change you may need to make on your activity statement to increase or decrease your net GST amount payable or refundable for a tax period.

From time to time you may need to make an **adjustment** (up or down) if you have paid too much or too little GST on a previous activity statement. You can also treat as adjustments any changes in consideration or refunds that occur in the same period in which the amounts of supplies and acquisitions are recorded at G1 G10 or G11.

Remember, you may either show discounts, rebates and refunds as adjustments or net these amounts off your supplies or acquisitions. This is explained on pages 36–37 for supplies and on page 46 for acquisitions. Go to the instructions on page 59 if you need to make any adjustments or if you are accounting for any other changes to consideration as adjustments.

G19 Add G17 + G18

(This is the total of your creditable acquisitions after adjustments.)

Completing G19

STEP 1 Add the amounts at G17 and G18. This is the total of your creditable acquisitions and importations, including the excess of decreasing adjustments over increasing adjustments.

STEP 2 Write this total amount at G19.

G20 Divide G19 by eleven

Completing G20

STEP 1 Divide the amount at G19 by eleven. This is the total amount of your input tax credits for the current tax period.

STEP 2 Write this total amount at G20.

STEP 3 Transfer the amount at G20 to 1B on the front of your activity statement.

Go to the front of your activity statement

1B Credit for goods and services tax paid

The amount you have transferred from G20 to 1B on the front of your activity statement is the amount of your input tax credit.

G7 Adjustments

G18 Adjustments

STOP

The instructions for making an adjustment apply to G7 and G18.

You make an adjustment at G7 or G18 but not at both.

Complete G7 *or* G18 if you need to make changes to amounts for supplies or acquisitions recorded at G1 G10 or G11 on the current activity statement or on a previous one.

You need to know

From time to time you may need to make an adjustment (decreasing or increasing) if you have paid too much or too little GST. For example, you may have paid too much or too little GST if:

- there is a change in the consideration for the supply or acquisition due to a discount, rebate or refund
- there is a bad debt written off or recovered
- there is a change in use for a creditable purpose
- you take goods out of your business for your own use, or
- any of the circumstances shown at Step 10 apply (see page 71).

NOTE

The amount you show at G7 or G18 is GST-inclusive.

To correct this, you usually make an adjustment in the tax period in which the change occurs.

Adjustments can either increase or decrease your net amount. Work through these instructions so that you arrive at a single net figure for all of your adjustments and include that amount at either G7 or G18.

NOTE

Do *not* make adjustments to correct mistakes you made in completing a previous activity statement.
If you have made a mistake on your activity statement, contact the ATO on **13 24 78** for help.

Adjustments which increase your net amount are those which:

- increase your GST payable
- reduce your entitlement to input tax credits.

Adjustments which decrease your net amount are those which:

- decrease your GST payable
- increase your entitlement to input tax credits.

You work out all of your adjustments, total all of your increasing adjustments, then total all of your decreasing adjustments, and:

- if the total of all your increasing adjustments is more than the total of all your decreasing adjustments, show the difference at G7 and leave G18 blank
- if the total of all your increasing adjustments is less than the total of all your decreasing adjustments, show the difference at G18 and leave G7 blank.

Completing G7 or G18

STEP 1

Work out your adjustments for changes to sales and other supplies following adjustment events.

These are adjustments for changes to sales and other supplies, including changes to the consideration for sales and other supplies and cancellation of supplies. These adjustments are made on the activity statement for the tax period in which the change occurs.

Where these changes to consideration occur in the same period in which the supply is accounted for, you may record the amount of the change as an adjustment at G7 or G18. However, you can account for these changes as adjustments only if you have not accounted for them by netting off the amount of the changes at G1 (see page 36).

You do not account for a change in consideration as an adjustment if there was no GST included in the price of the supply. If the supply is partly taxable, you account for only so much of the change as reflects the taxable part of the supply.

NOTE
You do not have an adjustment if something is returned merely for repair or maintenance.

Increasing adjustment

If any of the following occur you may have included *too little* consideration at G1:

- the consideration for a sale or other supply has increased and you have included the lower amount at G1 (on your current activity statement or on a previous one), or
- a sale or other supply which was not a taxable supply (that is, you included the consideration at G2 G3 or G4 on a previous activity statement) becomes taxable.

You should make an adjustment on the activity statement for the tax period in which you find out that one of these events has occurred.

Decreasing adjustment

If any of the following occur you may have included *too much* consideration at G1:

- a sale or other supply is cancelled and you have included the consideration for the sale at G1 (on your current activity statement or on a previous one)
- the consideration for a sale or other supply is reduced and you have included the higher amount at G1 (on your current activity statement or on a previous one), or
- you have included the consideration for a taxable supply at G1 on a previous activity statement and the supply stops being taxable.

You should make an adjustment on the activity statement for the tax period in which you find out that one of these events has occurred.

You may like to photocopy the following worksheet and use it to work out your adjustments for sales and other supplies.

(1)	(2)	(3)	(4)	(5)
Adjustment for sales and other supplies	Amount (before the change occurred) included at G1 *	New amount for the sales or other supplies*	Increasing adjustment Fill in this column if (3) is more than (2). Subtract (2) from (3).	Decreasing adjustment Fill in this column if (2) is more than (3). Subtract (3) from (2).
	$	$	$	$
Cancellation of a sale or other supply				
Reduction in consideration for a sale or other supply because of a discount or rebate				
Sale or other supply has stopped being taxable**				
Increase in consideration for a sale or other supply				
Sale or other supply has become taxable***				
Total				
			Transfer these totals to line 1 of adjustments summary worksheet.	

* If the sale was partly taxable, include only the amount of the consideration for the taxable part of the supply.

** If the sale was previously taxable and stops being taxable, show zero in column (3).

*** If the sale was previously non-taxable and has become taxable, show zero in column (2).

STEP 2

Transfer the totals from the above worksheet to line 1 of the adjustments summary worksheet on page 72.

EXAMPLE *adjustments for sales and supplies*

Jim and Maria operate a hardware store. They previously sold a toolbox to customer Alex and included the consideration for the sale of $350 on a previous activity statement. Alex returns the toolbox when he finds it is not suitable and Jim and Maria agree to refund the full sale price. Jim and Maria show the refund against 'Cancellation of a sale or other supply' on the worksheet below.

Customer Brian is a tradesman and puts his acquisitions from Jim and Maria on a monthly account. In the previous tax period Jim and Maria made credit sales to Brian of $3600. Jim and Maria included this amount on their previous activity statement. When Brian pays his account on time, Jim and Maria offer a discount of 3 per cent, or $108. Jim and Maria show the discount against 'Reduction in consideration for a sale or other supply because of a discount or rebate' on the worksheet below.

(1)	(2)	(3)	(4)	(5)
Adjustment for sales and other supplies	Amount (before the change occurred) included at G1	New amount for the sales or other supplies	Increasing adjustment Fill in this column if (3) is more than (2). Subtract (2) from (3).	Decreasing adjustment Fill in this column if (2) is more than (3). Subtract (3) from (2).
	$	$	$	$
Cancellation of a sale or other supply	350	0		350
Reduction in consideration for a sale or other supply because of a discount or rebate	3600	3492		108
Sale or other supply has stopped being taxable				
Increase in consideration for a sale or other supply				
Sale or other supply has become taxable				
Total				458

Transfer these totals to line 1 of adjustments summary worksheet (see page 73).

STEP 3

Work out adjustments for changes to acquisitions following adjustment events.

These are adjustments for changes to acquisitions, including changes to consideration or cancellation of acquisitions. These adjustments are made on the activity statement for the tax period in which the change occurs and where, if the adjustment is a decreasing adjustment, an adjustment note is held.

Where these changes in consideration occur in the same tax period in which you account for the supply, you may record the amount of the change as an adjustment at G7 or G18. However, you can account for these changes as adjustments only if you have not accounted for them by netting off the amount of the changes at G10 or G11 (see page 46).

You do not account for a change in the consideration as an adjustment if there was no GST included in the price of the acquisition. If the acquisition is partly creditable, you account for only so much of the change as reflects the creditable part of the acquisition.

Increasing adjustment

If any of the following occur, you may have included *too much* consideration at G10 or G11:

- an acquisition is cancelled and you have included the consideration for the acquisition at G10 or G11 (on your current activity statement or on a previous one); for example, you may have returned something which you purchased for your business and received a refund or credit
- the amount of the consideration for an acquisition is reduced and you have included the higher amount at G10 or G11 (on your current activity statement or on a previous one), or
- you have included the consideration for an acquisition which was a creditable acquisition at G10 or G11 on a previous activity statement and the acquisition stops being creditable.

You should make an adjustment on the activity statement for the tax period in which you find out that one of these events has occurred.

NOTE

You cannot make a decreasing adjustment for a purchase with a GST-exclusive value of more than $50 unless you have an adjustment note from your supplier. This does not apply to adjustments for bad debts.

Decreasing adjustment

If any of the following occur, you may have included *too little* consideration at G10 or G11:

- the consideration for an acquisition is increased and you have included the lower amount at G10 or G11 (on your current activity statement or on a previous one), or
- an acquisition which was not a creditable acquisition (that is, you included the consideration for the acquisition at G13 G14 or G15 on a previous activity statement) becomes creditable.

You should make an adjustment on the activity statement for the tax period in which you find out that one of these events has occurred and you hold an adjustment note (see note on the previous page).

You may like to photocopy the following worksheet and use it to work out your adjustments for acquisitions.

(1)	(2)	(3)	(4)	(5)
Adjustment for acquisitions	Consideration (before the change occurred) included at G10 or G11 *	Changed amount of consideration*	Increasing adjustment Fill in this column if (2) is more than (3). Subtract (3) from (2).	Decreasing adjustment Fill in this column if (3) is more than (2). Subtract (2) from (3).
	$	$	$	$
Cancellation of an acquisition				
Reduction in consideration for an acquisition because of a discount or rebate				
An acquisition stops being creditable**				
Increase in consideration for an acquisition				
An acquisition has become creditable***				
Total				
			Transfer these totals to line 2 of adjustments summary worksheet.	

* If the acquisition was partly creditable, include only the amount of consideration for the creditable part of the acquisition.

** If the acquisition was previously creditable and stops being creditable, show zero in column (3).

*** If the acquisition was previously not creditable and has become creditable, show zero in column (2).

STEP 4

Transfer the totals from the above worksheet to line 2 of the adjustments summary worksheet on page 72.

EXAMPLE *adjustments for purchases and expenses*

Jim and Maria return to their supplier electrical tools which customers have found to be faulty. The tools cost them $620, which they included on a previous activity statement. Jim and Maria show the amount to be refunded to them against 'Cancellation of an acquisition' on the worksheet below.

Jim and Maria sold a substantial number of mowers in the previous period. They receive a volume rebate of $830 from their supplier. Jim and Maria show the amount of rebate received from their supplier against 'Reduction in consideration for an acquisition because of a discount or rebate' on the worksheet below.

(1)	(2)	(3)	(4)	(5)
Adjustment for acquisitions	Consideration (before the change occurred) included at G10 or G11	Changed amount of consideration	Increasing adjustment Fill in this column if (2) is more than (3). Subtract (3) from (2).	Decreasing adjustment Fill in this column if (3) is more than (2). Subtract (2) from (3).
	$	$	$	$
Cancellation of an acquisition	620	0	620	
Reduction in consideration for an acquisition because of a discount or rebate	830	0	830	
An acquisition stops being creditable				
Increase in consideration for an acquisition				
An acquisition has become creditable				
Total			1450	

Transfer these totals to line 2 of adjustments summary worksheet (see page 73).

STEP 5

> **NOTE**
> You make adjustments for bad debts written off or recovered only if you do not account for GST on a cash basis.

> **STOP**
> If the bad debt relates to a partly taxable supply or a partly creditable acquisition, the amount of the adjustment is reduced. Contact the ATO on **13 24 78** for more information.

Work out adjustments for bad debts written off or recovered.

You make an adjustment if:

- you have included an amount for a taxable supply at G1 on a previous activity statement or you will include an amount at G1 on this activity statement, and
  – you have now written off part or all of that amount as a bad debt, or
  – part or all of that amount has been overdue for 12 months or more
- you previously wrote off an amount as a bad debt and have now recovered all or part of that amount
- you will include or have included an amount for a creditable acquisition at G10 or G11 on this or on a previous activity statement and the whole or part of that amount has now been
  – written off as a bad debt by your supplier, or
  – overdue for 12 months or more, or
- you pay an amount for a bad debt written off by your supplier or a debt that has been overdue for 12 months or more.

You may like to photocopy the following worksheet and use it to help you work out your adjustments for bad debts.

(1)	(2)	(3)	(4)	(5)
		Amount written off or recovered	Increasing adjustment Same as in (3).	Decreasing adjustment Same as in (3).
		$	$	$
Sales or other supplies	Writing off bad debts or debts overdue for 12 months or more			
	Recovering bad debts written off or debts overdue for 12 months or more			
Acquisitions	Bad debts written off by your supplier or debts overdue for 12 months or more			
	Payment of bad debts written off by your supplier or debts overdue for 12 months or more			
	Total			

Transfer these totals to line 3 of adjustments summary worksheet.

STEP 6

Transfer the totals from the above worksheet to line 3 of the adjustments summary worksheet on page 72.

EXAMPLE *adjustments for bad debts written off or recovered*

Jim and Maria supplied building materials to Craig in a previous tax period, which Craig is unable to pay for. Jim and Maria included $1500 in sales to Craig on previous activity statements. As they are not able to collect any of the debt, they write it off in their accounts. Jim and Maria show the amount written off against 'Writing off bad debts or debts overdue for 12 months or more' on the worksheet below.

Some time ago Maria sold some timber to Dianne, who was renovating her home. When they were unable to collect the debt, Jim and Maria wrote it off and made an adjustment on their activity statement for that previous period. Dianne's financial circumstances have improved and she makes a part payment of $300. Jim and Maria show the amount received against 'Recovering bad debts written off or debts overdue for 12 months or more' on the worksheet below.

(1)	(2)	(3)	(4)	(5)
		Amount written off or recovered	Increasing adjustment Same as in (3).	Decreasing adjustment Same as in (3).
		$	$	$
Sales or other supplies	Writing off bad debts or debts overdue for 12 months or more	1500		1500
	Recovering bad debts written off or debts overdue for 12 months or more	300	300	
Acquisitions	Bad debts written off by your supplier or debts overdue for 12 months or more			
	Payment of bad debts written off by your supplier or debts overdue for 12 months or more			
	Total		300	1500

Transfer these totals to line 3 of adjustments summary worksheet (see page 73).

STEP 7

Work out changes in extent of creditable purpose.

The extent to which an acquisition or importation is used for a creditable purpose is the extent to which it is used in your business other than for the purpose of making input taxed supplies, or for a private or domestic purpose.

Adjustments for changes in extent of creditable purpose are made to make sure that the correct amount of input tax credit is claimed for acquisitions. If your actual use of a thing in carrying on your business is different from your intended use (or different from the actual use used to work out a previous adjustment), you may need to make an adjustment for change in extent of creditable purpose.

These are adjustments for acquisitions, including acquisitions of going concerns, and importations. They are made in an adjustment period.

An adjustment period is the tax period which starts at least 12 months after the end of the tax period in which you included the consideration for the purchase at G10 or G11 and ends as close as possible to 30 June. The number of these adjustment periods you have for an acquisition depends on the limits outlined in the tables below. The *Guide to GST*, available from the ATO on **13 24 78**, explains how to work out your adjustment periods.

You do not make an adjustment under this step if you are making an adjustment under Step 9 for the same acquisitions.

Acquisitions except those related wholly or in part to making financial supplies

Amount of consideration (excluding GST)	Number of adjustment periods
$1000 or less	None
$1001 – $5000	Two
$5001 – $499 999	Five
$500 000 or more	Ten

Acquisitions related wholly or in part to making financial supplies

Amount of consideration (excluding GST)	Number of adjustment periods
$10 000 or less	None
$10 001 – $50 000	One
$50 001 – $499 999	Five
$500 000 or more	Ten

You may like to photocopy the following worksheet and use it to help work out your adjustments for changes in extent of creditable purpose.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description of acquisition	Date acquired	Full amount of consideration (taking into account adjustments)	Intended (or previously claimed) extent of creditable purpose	Actual extent of creditable purpose	Change in extent of creditable purpose	Increasing adjustment. Fill in this column if (4) is more than (5). Multiply the amount in (3) by the % in (6).	Decreasing adjustment. Fill in this column if (5) is more than (4). Multiply the amount in (3) by the % in (6).
		$	%	%	%	$	$
						Transfer these totals to line 4 of adjustments summary worksheet.	

STEP 8

Transfer the totals from the above worksheet to line 4 of the adjustments summary worksheet on page 72.

NOTE

Second-hand vehicles are not subject to the phasing-in rules for motor vehicles explained on page 48.

EXAMPLE *adjustments for change in extent of creditable purpose*

Jim and Maria purchased a second-hand vehicle for $35 000 for use in their business. However, as they intended to also use it for private purposes they did not claim the full input tax credit for the purchase. They estimated the extent of private use at the time of purchase to be 40 per cent and so included the cost of $35 000 at G10 on their activity statement and the private use component of $14 000 (40 per cent of $35 000) at G15. In effect, they claimed 60 per cent (the extent of creditable purpose) of the full input tax credit.

At the end of the first adjustment period for the vehicle, Jim and Maria have found from their log book that the vehicle has actually been used 75 per cent for business purposes since it was acquired. Therefore they make an adjustment for a change in extent of creditable purpose, as shown on the worksheet on the next page.

The increase in the percentage business use is 15 per cent (75 per cent minus 60 per cent). The adjustment calculated is 15 per cent of $35 000, that is, $5250.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description of acquisition	Date acquired	Full amount of consideration (taking into account adjustments)	Intended (or previously claimed) extent of creditable purpose	Actual extent of creditable purpose	Change in extent of creditable purpose	Increasing adjustment. Fill in this column if (4) is more than (5). Multiply the amount in (3) by the % in (6).	Decreasing adjustment. Fill in this column if (5) is more than (4). Multiply the amount in (3) by the % in (6).
		$	%	%	%	$	$
Vehicle		35 000	60	75	15		5250
							5250

Transfer these totals to line 4 of adjustments summary worksheet (see page 73).

STEP 9

Work out adjustments for goods you use for a private purpose.

If you made an acquisition or an importation of goods solely for a creditable purpose, and you subsequently use the goods solely for a private or domestic purpose, you will have an increasing adjustment. You make the adjustment if you included an amount for the acquisition or importation at G10 or G11 (but not at G13 G14 or G15) on your current activity statement or on a previous one.

The amount to be included as an adjustment at this step is the amount that was included at G10 or G11 for the goods. This amount is to be shown in line 5 of the adjustments summary worksheet on page 72. You do not make an adjustment under this step if you have made an adjustment under Step 7 (see page 67) for the same goods.

STEP 10

Work out any other adjustments.

There are other circumstances in which adjustments (increasing or decreasing) may be needed. Some of these are as follows.

- Insurance settlements
  If you as an insurer make an insurance settlement, you may have a decreasing adjustment. If you as an insurer make a recovery in exercise of your rights of subrogation, you may have an adjustment. The ATO is preparing additional instructions to help insurers complete their activity statement. Contact the ATO on **13 24 78** for more information.
- Company amalgamations
  The amalgamated company is responsible for any adjustments which the amalgamating companies would have had if not for the amalgamation, including a change in creditable purpose by the amalgamated company compared with the amalgamating companies.
- Supplies of things used to make financial supplies
  If you acquired or imported something, were not entitled to a full input tax credit because it was used for making financial supplies, and later sell it in a taxable supply, you may have a decreasing adjustment.
- Supplies of going concerns
  If you acquire a going concern and intend to use it for private purposes or for making input taxed supplies through the concern, you may have an initial increasing adjustment and later increasing or decreasing adjustments.
- Becoming registered
  If you become registered after you have purchased trading stock, you may have a decreasing adjustment.
- Unredeemed vouchers
  You may have an increasing adjustment for certain vouchers that you supplied for consideration if they have not been redeemed.
- Tradex Scheme goods
  If you are the holder of a Tradex order, you may have an increasing adjustment if goods relating to that order are dealt with contrary to the Tradex Scheme.
- Cessation of registration
  If you cease to be registered for GST and your assets include anything for which you were, or are, entitled to an input tax credit, you may have an increasing adjustment.

NOTE
Contact the ATO on **13 24 78** if you need help to work out any of these adjustments.

STEP 11

Transfer the totals to the relevant line of the summary adjustments worksheet on the next page.

STEP 12

You may like to photocopy the following worksheet and use it to summarise your adjustments and *transfer the total to either* G7 or G18 *but not to both.*

Adjustments summary worksheet

Line	Reason for adjustment	Increasing adjustment	Decreasing adjustment
		$	$
Adjustments which you can work out using these instructions			
1	Adjustments for sales and other supplies following adjustment events		
2	Adjustments for acquisitions following adjustment events		
3	Bad debts written off or recovered		
4	Change in extent of creditable purpose		
5	Goods used solely for private or domestic purposes		
Adjustments for which you may need to obtain more detailed information			
6	Insurance settlements		
7	Company amalgamations		
8	Supplies of things used to make financial supplies		
9	Supplies of going concerns		
10	Other adjustments		
11	**Total**	A	B
	If A is more than B, subtract B from A and show the amount at G7.		
	If B is more than A, subtract A from B and show the amount at G18.		

EXAMPLE

Jim and Maria have several adjustments which are calculated using the worksheets in this section. They use the summary worksheet below to work out their overall adjustment for the period. They then transfer the amount of $5458 to G18 on their activity statement.

Adjustments summary worksheet

Line	Reason for adjustment	Increasing adjustment	Decreasing adjustment
		$	$
Adjustments which you can work out using these instructions			
1	Adjustments for sales and other supplies following adjustment events		458
2	Adjustments for acquisitions following adjustment events	1450	
3	Bad debts written off or recovered	300	1500
4	Change in extent of creditable purpose		5250
5	Goods used solely for private or domestic purposes		
Adjustments for which you may need to obtain more detailed information			
6	Insurance settlements		
7	Company amalgamations		
8	Supplies of things used to make financial supplies		
9	Supplies of going concerns		
10	Other adjustments		
11	**Total**	A 1750	B 7208
	If A is more than B, subtract B from A and show the amount at G7.		
	If B is more than A, subtract A from B and show the amount at G18.		5458

Additional instructions

Here are some additional instructions for:

- entities that organise themselves as
  - GST groups
  - GST joint ventures
  - GST branches
- resident agents acting for non-residents, and
- non-profit bodies that have non-profit sub-entities.

GST groups

If you are the representative member of a GST group, include at G1 to G20 only amounts relating to transactions made to (or from outside) the GST group. Do not include transactions between members of the GST group.

However, transactions between group members are included if:

- the member is a participant in a GST joint venture and acquired the thing supplied from the joint venture operator, or
- the transaction is a taxable supply because it is a supply of other than goods or real property made from offshore.

If you are a member of a GST group, other than the representative member for the GST group, do not include any amounts at G1 to G20.

GST joint ventures

If you are the joint venture operator of a GST joint venture, include at G1 to G20 the amounts relating to transactions you enter into on your own behalf and on behalf of the participants in the joint venture in the course of joint venture activities. Do not include supplies made to joint venture participants if the participant made the acquisition for consumption, use or supply in the course of joint venture activities.

If you are a participant in a GST joint venture other than the joint venture operator, do not include any amounts at G1 to G20 for acquisitions made from the joint venture operator for consumption, use or supply in the course of the joint venture.

DEFINITION

If an entity decides to register a branch for GST reporting purposes, the entity will be called the **parent entity**.

NOTE

Contact the ATO on **13 24 78** for more detailed information on GST groups, joint ventures and branches, resident agents acting for non-residents, and non-profit bodies that have non-profit sub-entities.

You can also obtain information on company amalgamations.

GST branches

If you are the **parent entity** of a registered GST branch, do not include amounts at G1 to G20 that relate to transactions of your GST branches (except where you are a party to the transaction). It is your responsibility to ensure that an activity statement is lodged for each of your GST branches. You must still lodge an activity statement on your own behalf unless all of your enterprises are carried on through your GST branches.

If you are a registered GST branch, include only amounts relating to your own transactions at G1 to G20. Include amounts relating to transactions with your parent entity and with other GST branches of your parent entity.

Resident agents acting for non-residents

If you are an agent acting for a non-resident who is registered or required to be registered for GST, you are responsible for reporting amounts for the transactions made by the non-resident through you as the agent.

If you are a non-resident, you need to lodge an activity statement and include amounts at G1 to G20 only for transactions made on your own behalf (that is, not through a resident agent).

Non-profit bodies that have non-profit sub-entities

If you have chosen to treat some or all of your separately identifiable branches as separate entities (non-profit sub-entities) do not include any amount at G1 to G20 from the activities of these branches.

Check that you have:

- accounted for all supplies made in the course of your business
- worked out the amount of taxable supplies you made in the course of your business
- accounted for all acquisitions and importations made in the course of your business
- worked out the amount of creditable acquisitions you made in the course of your business, and
- worked out the amounts of any adjustments to taxable supplies and creditable acquisitions.

More information about how the GST system works is in the *Guide to GST*, which is available from the ATO. Contact details are on page 138.

Wine equalisation tax

Wine equalisation tax

Complete the wine equalisation tax section of your activity statement if you have made a taxable sale of wine in the current tax period or you have paid more wine equalisation tax than was properly payable.

If you are a member of a goods and services tax (GST) group, you account for wine equalisation tax liabilities and credits only if you are the representative member of the GST group.

If you are a participant in a GST joint venture, you account for wine equalisation tax liabilities and credits only if you are the joint venture operator or if you have wine equalisation tax liabilities and credits not related to the joint venture.

If you are not required to complete this section, go to the instructions for the luxury car tax section of your activity statement on page 87.

You need to know

Wine equalisation tax is a tax on the last wholesale sale (that is, a sale to a reseller) of wine in Australia. For the purposes of the tax, wine includes grape wine, grape wine products such as marsala, vermouth, wine cocktails and creams, other fruit or vegetable wines, cider, perry, mead and sake.

If untaxed wine is not the subject of a wholesale sale (for example, because it is sold by the producer to the consumer), wine equalisation tax applies to the appropriate retail sale or use of the wine.

Wine equalisation tax is imposed at the rate of 29 per cent on the wholesale selling price of wine. If wine is not sold by wholesale, alternative values are used to calculate wine equalisation tax.

DEFINITION

For wine equalisation tax purposes, an **assessable dealing** is an act, operation or transaction with wine which is taxable under wine equalisation tax.

Go to the front of your activity statement

1C Wine equalisation tax payable

Completing 1C

STEP 1

Work out the amount of wine equalisation tax you need to pay. Use the worksheet on the next page to help you work out what type of **assessable dealing** you have made and which calculation method to use.

Assessable dealing	Calculation method	Amount of wine equalisation tax payable
1. Wholesale sale of any goods subject to wine equalisation tax	Price for which goods are sold (excluding wine equalisation tax and GST) × 29%	$
2. Retail sale of grape wine (see note)	You can use one of two methods: **(1) The half retail price method** 50% of GST-inclusive retail selling price of grape wine × 29%	$
	(2) The average wholesale price method (see the next page for whether you can use this method and for a sample calculation) Average wholesale price of wine sold × 29%	$
3. Retail sale of wine that is not grape wine (including cider, perry, mead and sake) (see note)	**The half retail price method** 50% of GST-inclusive retail selling price of wine × 29%	$
4. **Application to own use** connected with retail sale of grape wine	You can use one of two methods: **(1) The half retail price method** 50% of GST-inclusive retail selling price of grape wine × 29%	$
	(2) The average wholesale price method (see the next page for whether you can use this method and for a sample calculation) Average wholesale price of wine × 29%	$
5. Application to own use connected with retail sale of wine that is not grape wine	**The half retail price method** 50% of GST-inclusive retail selling price of wine × 29%	$
6. Wholesale sale of wine to a non-arm's length customer	Notional wholesale selling price of wine × 29% The notional wholesale selling price is the price (excluding wine equalisation tax and GST) for which you could reasonably have been expected to sell the goods by wholesale under an arm's length transaction. You should seek a private ruling from the ATO in these circumstances.	$
Total wine equalisation tax payable. Transfer to 1C on the front of your activity statement.		$

NOTE

If the retail sale is to a non-arm's length customer, the price used in the half retail price method must be an arm's length retail price.

DEFINITION

For wine equalisation tax purposes, **application to own use** includes:

- consuming wine
- giving wine away, for example, a winery supplying free tasting of its wine or a promotional give-away, and
- transferring property in wine under a contract that is not a contract for the sale of wine.

The half retail price method

EXAMPLE *using the half retail price method*

A wine maker sells grape wine by retail at the cellar door for $140 a dozen, including GST. As the wine is grape wine, the wine maker has the option of using either the half retail price method or the average wholesale price method to work out the amount of wine equalisation tax payable. The wine maker chooses to use the half retail price method so uses the following formula:

50% of GST-inclusive retail selling price of grape wine × 29%

The taxable value is worked out as $140 less 50% = $70.

Wine equalisation tax payable is $70 × 29% = $20.30.

The average wholesale price method

NOTE

You can use this calculation only if your wholesale sales of the particular wine are at least 10 per cent of your total sales of that wine.

You work out the average wholesale price using the weighted average of the prices (excluding wine equalisation tax and GST) for arm's length wholesale sales that you have made of grape wine:

- of the same vintage, and
- produced from the same grape varieties or the same blend of grape varieties

during the tax period in which you are liable to pay wine equalisation tax on the retail sale or application to own use.

EXAMPLE *using the average wholesale price method*

During a tax period, 70 per cent of a wine maker's wholesale sales of grape wine of a particular vintage and variety are made to a distributor for $80 a dozen, and the remaining 30 per cent to hotels and restaurants for $90 a dozen. The weighted average price of the wine maker's wholesale sales during the tax period would be:

(70% × $80) + (30% × $90) = $83 a dozen

The wine maker uses the following formula to work out the amount of wine equalisation tax payable:

Average wholesale price of wine × 29%

Wine equalisation tax payable is $83 × 29% = $24.07 a dozen.

STEP 2

Write the total amount of wine equalisation tax payable at 1C on the front of your activity statement.

1D Wine equalisation tax refundable

You need to know

Credits

If in a previous tax period you paid more wine equalisation tax than was properly payable, you can claim a credit for the extra tax paid.

To be refundable, the wine equalisation tax must not have been passed on to the purchaser or, if passed on, has since been refunded to the purchaser.

All claims for credits must be made within four years of the time when the credit ground (reason for claiming a credit) arises.

STOP

**The Government has announced that amendments giving eligible wine producers an entitlement to a rebate for certain assessable dealings in wine will be introduced into the Parliament.*

*Commonwealth rebate

You may also be entitled to a Commonwealth rebate for certain assessable dealings in wine.

What dealings does the rebate apply to?

The Commonwealth rebate applies to the following assessable dealings made by eligible wine producers:

- *cellar door sales to unlicensed end users*
- *mail order sales to unlicensed end users (including internet sales made directly by the winery), and*
- *applications to own use (including wine used for tastings and promotional activities).*

These assessable dealings are called 'rebateable dealings'.

Who is eligible for the rebate?

Wine producers, including those who supply grapes to contract wine makers to be made into wine, are eligible for the Commonwealth rebate. However, producers who supply grapes to contract wine makers must have some involvement in the wine making process and assume some financial risk in relation to the wine produced. This means a producer who does not own the production facilities may be eligible for the rebate.

Producers may have a cellar door outlet and also operate a restaurant or cafe from the same or an adjacent site. In these circumstances, they are eligible for the Commonwealth rebate only for retail sales made from the cellar door outlet. They are not eligible for a rebate for retail sales made from the restaurant or cafe under the restaurant licence. However, where wine is purchased from the cellar door and consumed in the restaurant under a BYO licence, the wine is eligible for the rebate.

People purchasing bottled wine or bulk wine for bottling and sale by cellar door or mail order are not eligible for a rebate on this wine.

How much rebate can you claim?

The Commonwealth rebate is 14 per cent of the wholesale value of the rebateable dealings. The rebate reaches a maximum of $42 000 when the wholesale value of rebateable dealings for the financial year is $300 000. As the wholesale value of rebateable dealings for the year increases above $300 000, the rebate gradually reduces so that when the wholesale value of rebateable dealings reaches $580 000, the rebate is nil.

The $300 000 threshold (wholesale value) applies to each licensed cellar door outlet operated by an eligible producer.

If you estimate the wholesale value of rebateable dealings for the financial year will be between $300 000 and $580 000, make sure you do not overclaim the Commonwealth rebate on your activity statement for the earlier periods in the year.

To prevent overclaiming the Commonwealth rebate, work out the total rebate claimable for the financial year, based on the estimated wholesale value of your rebateable dealings for the year. Then claim the appropriate proportion of the estimated rebate on each activity statement. For example, if you lodge quarterly activity statements you can claim a quarter of the estimated rebate payable for the year in each of the first three quarters. When your actual rebateable dealings for the year are available, use your final activity statement for the year to adjust the rebate claim to the correct amount.

If you estimate the wholesale value of your rebateable dealings for the financial year will be more than $580 000, you should not claim the rebate during the year. Use your final activity statement for the year to claim a rebate if the actual wholesale value of your rebateable dealings is less than $580 000.

There is also a rebate payable by various State governments. You claim the State rebate from the appropriate State body. You do not claim it on your activity statement.

STOP

**The Government has announced that amendments giving eligible wine producers an entitlement to a rebate for certain assessable dealings in wine will be introduced into the Parliament.*

Completing 1D

STEP 1

Work out the amount of wine equalisation tax to be refunded. Use the worksheet on the next two pages to help you work out the total amount refundable. The worksheet lists the most common credit grounds and gives details of the Commonwealth rebate.

STOP

**The Government has announced that amendments giving eligible wine producers an entitlement to a rebate for certain assessable dealings in wine will be introduced into the Parliament.*

Credit ground for wine equalisation tax refund	Amount of wine equalisation tax refundable
1. You overpaid wine equalisation tax (for example, you used the incorrect rate of tax or incorrect taxable value or allowed eligible discounts or rebates).	**$**
2. You paid wine equalisation tax twice.	**$**
3. You forgot to quote your Australian Business Number (ABN) when you purchased wine.	**$**
4. You sold wine that was subject to wine equalisation tax, for a price that excluded the tax, to persons who quoted an ABN for the dealing.	**$**
5. You exported wine that was subject to wine equalisation tax.	**$**
6. You sold wine that was subject to wine equalisation tax, for a price that excluded the tax, to an eligible traveller in accordance with the prescribed rules for export sales.	**$**
7. You have written off bad debts that included wine equalisation tax you have paid.	**$**
****Commonwealth rebate***	
8. • The wholesale value of your rebateable dealings from the start of the financial year to the end of this period is $300 000 or less. and • You estimate that the wholesale value of your rebateable dealings for the financial year will be $300 000 or less. The Commonwealth rebate claimable in this period is 14% of the wholesale value of rebateable dealings for the period.	**$**
9. Where you estimate the wholesale value of rebateable dealings for the financial year will be more than $300 000 but less than $580 000, you can base the rebate claimable in each period on the estimated Commonwealth rebate claimable for the year. Use the final activity statement for the year to adjust the rebate to the correct amount. The Commonwealth rebate claimable during the financial year based on estimated rebateable dealings is 1/12th or 1/4 of the estimated rebate claimable for the year (depending on whether you lodge a monthly or quarterly activity statement). It is worked out as follows:	

Commonwealth rebate *continued*		**Amount of wine equalisation tax refundable**
Maximum Commonwealth rebate	*$42 000*	
less		
15% of the wholesale value of estimated rebateable dealings for the year more than $300 000	*$*	
Estimated Commonwealth rebate claimable for the year	*$*	
Rebate claimable in this period ($^1/_{12}$th or $^1/_4$ of rebate claimable for the year)	*$*	
The Commonwealth rebate claimable in the final period is:		
Maximum Commonwealth rebate	*$42 000*	
less		
15% of the wholesale value of rebateable dealings for the year more than $300 000 (using actual figures)	*$*	
less		
Rebates claimed in earlier periods	*$*	
Commonwealth rebate claimable in final period	***$***	**$**
10. If you estimate the wholesale value of your rebateable dealings for the financial year will equal or exceed $580 000, you are not entitled to a Commonwealth rebate and should not claim the rebate during the year. However, if at the end of the year the actual wholesale value of your rebateable dealings is less than $580 000 but more than $300 000, you can claim the following rebate in the final period:		
Maximum Commonwealth rebate	*$42 000*	
less		
15% of the wholesale value of rebateable dealings for the year more than $300 000	*$*	
Commonwealth rebate claimable in final period	***$***	**$**
Total wine equalisation tax refundable for credits and rebate. Transfer to 1D on the front of your activity statement.		**$**

STOP

**The Government has announced that amendments giving eligible wine producers an entitlement to a rebate for certain assessable dealings in wine will be introduced into the Parliament.*

There are other specialised wine equalisation tax credit grounds relating to imported wine, replacement of defective wine and ensuring that there is no double taxation of containers.

NOTE

Contact the ATO on **13 24 78** if you are unsure of whether you are entitled to a credit.

EXAMPLE *working out a wine equalisation tax credit*

A wine wholesaler purchases a dozen bottles of wine from a wine maker but forgets to quote her ABN for the transaction. The wine maker charges $100.00 for the wine plus wine equalisation tax of $29.00 and GST of $12.90, a total of $141.90. The wholesaler is entitled to a credit of $29.00. She will have a wine equalisation tax liability when she sells the wine.

EXAMPLE ***working out a Commonwealth rebate where the estimated wholesale value of rebateable dealings for the financial year is $300 000 or less***

A winery estimates the wholesale value of its total rebateable dealings for the financial year will be less than $300 000. Accordingly, it can work out the Commonwealth rebate by reference to number 8 in the table on pages 83–84. The winery lodges a quarterly activity statement and has the following rebateable dealings for the first two quarters:

Period	***Wholesale value of rebateable dealings***	***Rebate claimed***
1st quarter	*$75 000*	*$10 500*
2nd quarter	*$80 000*	*$11 200*
Total	***$155 000***	***$21 700***

If the wholesale value of rebateable dealings for the third quarter is $70 000, the total wholesale value of rebateable dealings to the end of the third quarter is $225 000. The rebate for the third quarter is $9800 (14 per cent of $70 000).

If the wholesale value of rebateable dealings for the fourth quarter is $60 000, the total wholesale value of rebateable dealings for the financial year is $285 000. The rebate for the fourth quarter is $8400 (14 per cent of $60 000).

However, if the wholesale value of rebateable dealings for the fourth quarter is $90 000, the total wholesale value of rebateable dealings for the financial year is $315 000. Accordingly, the rebate for the fourth quarter is worked out by reference to number 9 in the table on pages 83–84:

Maximum Commonwealth rebate	*$42 000*
less	
15% of the wholesale value of rebateable dealings more than $300 000	*$2 250*
less	
Rebate claimed in earlier periods	*$31 500*
Commonwealth rebate claimable for fourth quarter	***$8 250***

STOP

**The Government has announced that amendments giving eligible wine producers an entitlement to a rebate for certain assessable dealings in wine will be introduced into the Parliament.*

EXAMPLE ***working out a Commonwealth rebate where the estimated wholesale value of rebateable dealings for the financial year is between $300 000 and $580 000***

A winery estimates that the wholesale value of rebateable dealings for the financial year will be between $300 000 and $580 000. Accordingly, the winery can work out the Commonwealth rebate by reference to number 9 in the table on pages 83–84.

For example, if a winery lodges a quarterly activity statement and estimates its rebateable dealings for the financial year will be $430 000, its estimated rebate for the year is as follows:

Maximum Commonwealth rebate	*$42 000*
less	
15% of the wholesale value of rebateable dealings more than $300 000	*$19 500*
Estimated Commonwealth rebate claimable for the year	***$22 500***

The winery can claim a Commonwealth rebate of $5625 ($22 500 ÷ 4) on its activity statement for each of the first three quarters.

If the winery's actual rebateable dealings for the year are $450 000, the rebate claimed on its activity statement for the fourth quarter will be $2625, worked out as follows:

Maximum Commonwealth rebate	*$42 000*
less	
15% of the wholesale value of rebateable dealings more than $300 000	*$22 500*
Commonwealth rebate claimable for the year	*$19 500*
less	
Rebate already claimed ($5625 × 3)	*$16 875*
Commonwealth rebate claimable for fourth quarter	***$2 625***

STOP

**The Government has announced that amendments giving eligible wine producers an entitlement to a rebate for certain assessable dealings in wine will be introduced into the Parliament.*

STEP 2

Write the total amount of wine equalisation tax refundable at 1D on the front of your activity statement.

Check that you have:

- written the amount of wine equalisation tax you need to pay at 1C and
- written the amount of any wine equalisation tax to be refunded to you at 1D.

If you need more information about wine equalisation tax, contact the ATO. Contact details are on page 138.

Luxury car tax

Luxury car tax

> **NOTE**
> Do *not* make adjustments to correct mistakes you made in completing a previous activity statement.
> If you have made a mistake on your activity statement, contact the ATO on **13 24 78**.

SECTION 4

Complete the luxury car tax section of your activity statement if you have made a taxable supply of a luxury car in the current tax period or you need to make an adjustment to the amount of luxury car tax you have previously paid.

Luxury car tax on importations of luxury cars is not shown on your activity statement but is generally paid with customs duty unless you quote your Australian Business Number (ABN) to the Australian Customs Service.

If you are not required to complete this section, go to the instructions for the special credit for wholesale sales tax section of your activity statement on page 99.

GST groups and joint ventures

If you are a member of a goods and services tax (GST) group, you account for luxury car tax only if you are the representative member of the GST group.

If you are a participant in a GST joint venture, you account for luxury car tax only if you are the joint venture operator or if you have luxury car tax payable not related to the joint venture.

If you are a member of a GST group or a participant in a GST joint venture, you pay luxury car tax on taxable importations of luxury cars to Customs at the time of importation.

You need to know

Luxury car tax applies from 1 July 2000. It applies at a rate of 25 per cent of the value of a car above the luxury car tax threshold, but excluding the GST component above the threshold (see example on page 91).

What is a luxury car?

A luxury car is a car with a GST-inclusive value that exceeds the luxury car tax threshold. This threshold is equal to the GST-inclusive car depreciation limit for income tax purposes. If the GST and luxury car tax applied in the 1999–2000 income year, the luxury car tax threshold would be $55 134. (This amount may change in future income years.)

A car is a motor vehicle designed to carry a load of less than two tonnes and fewer than nine passengers, or a limousine, regardless of the number of passengers it is designed to carry. Examples include station wagons, four-wheel-drive vehicles, light trucks, motor homes, campervans and hearses.

What is not a luxury car?

Cars such as prescribed emergency vehicles and certain vehicles for transporting disabled people are specifically excluded from the definition of a luxury car. However, the exemption does not extend to all vehicles used by a particular class mentioned in the exemption, only to specific cars.

When is luxury car tax payable?

Luxury car tax is payable on all taxable supplies or taxable importations of luxury cars unless the purchaser quotes their ABN to the supplier or Customs. The system of quoting is designed to avoid the tax becoming payable until the car is sold at the retail level.

Luxury car tax is collected by registered businesses and remitted to the ATO.

Is luxury car tax payable on a car that has been subject to sales tax before 1 July 2000?

Transitional provisions provide that luxury car tax does not apply to a supply of a car if:

- the car was sold by retail sale in Australia before 1 July 2000
- the car was imported into Australia before 1 July 2000 and nobody was entitled to quote under the *Sales Tax Assessment Act 1992*, or
- there is an application to own use (AOU), as defined in the *Sales Tax Assessment Act 1992,* of the car before 1 July 2000, and a special credit under section 16 of *A New Tax System (Goods and Services Tax Transition) Act 1999* does not apply in relation to the car.

Is the supply of a luxury car between group members or between joint venture participants a taxable supply?

A supply of a luxury car between GST group members or between GST joint venture participants, where the date of the supply is within two years of the date the car was manufactured in Australia or entered for home consumption into Australia, is a taxable supply unless the recipient of the car quotes their ABN.

Who is entitled to quote an ABN?

Registered businesses are entitled to quote their ABN in relation to a supply or importation of a luxury car where they intend to use the car for *one* of the following purposes, and for no other purpose:

- holding the car for trading stock, other than holding the car for hire or lease
- carrying out research and development for the manufacturer of the car, or
- exporting the car in circumstances where the export is GST-*free* under the GST legislation.

1E Luxury car tax payable

> ✻ NOTE
> Show increasing adjustments at 1E and decreasing adjustments at 1F.

Include at 1E all the luxury car tax you are liable for in the current tax period for all taxable supplies of luxury cars. Also include any adjustment to luxury car tax previously paid if a change of circumstances means additional luxury car tax is payable (that is, you have an increasing adjustment).

You will not have made a taxable supply of a luxury car if:

- the purchaser quoted their ABN in respect of the supply
- the car was manufactured in Australia more than two years before the supply
- the car was imported into Australia more than two years before the supply, or
- the car is a GST-*free* export (see page 39).

To work out your luxury car tax payable and any increasing adjustments, follow the steps below using the worksheet provided on page 98.

Completing 1E (using the worksheet on page 98)

STEP 1

Work out the amount of luxury car tax you need to pay for cars supplied in the current tax period.

Use the following formula to work out the luxury car tax on each taxable supply of a luxury car:

$$\frac{25}{100} \times \frac{10}{11} \text{ (Luxury car tax value – Luxury car tax threshold)}$$

> ✻ NOTE
> Reduce the amount worked out using this formula by any luxury car tax paid for any previous importation or supply of the car, taking into account any adjustments.

Luxury car tax value is the price of the car excluding:

- any luxury car tax for that supply, and
- any other Australian tax, fee or charge, other than GST and customs duty, payable on the supply.

If you supply a car that is GST-*free* because the supply is to a disabled person (under Subdivision 38-P of *A New Tax System (Goods and Services Tax) Act 1999*), you must include in the luxury car tax value the GST that would have been payable had that supply been a taxable supply.

The *luxury car tax threshold* would be $55 134 if the GST and luxury car tax applied in the 1999–2000 income year.

SECTION 4

EXAMPLE *how to work out the amount of luxury car tax payable*

Peter buys a car from you for $88 000. This price includes GST payable on the supply, but excludes luxury car tax on the supply.

The luxury car tax value is $88 000.

The luxury car tax threshold is $55 134.

A Work out the amount subject to luxury car tax using the following formula.

Luxury car tax value – Luxury car tax threshold

$88 000 – $55 134 = $32 866

B As the $32 866 amount includes GST, the next step is to multiply this amount by 10/11 to exclude GST.

$$\$32\,866 \times \frac{10}{11} = \$29\,878.18$$

The effect of excluding GST is that luxury car tax is payable on $29 878.18, not $32 866. You do not pay luxury car tax on the difference of $2987.82.

C Multiply the amount that is left by the luxury car tax rate of 25 per cent.

$29 878.18 × 25% = $7469.55 luxury car tax payable

The total amount that Peter pays you is:

$88 000 (including GST) + $7469.55 luxury car tax = $95 469.55

STEP 2 Transfer the total amount of luxury car tax for all your taxable supplies for the current tax period to line 1 on your worksheet on page 98.

STEP 3 Work out any increasing adjustments to the amount of luxury car tax previously paid.

NOTE
You make an adjustment in the tax period in which the changes occur.

An *increasing* luxury car tax adjustment occurs when the corrected luxury car tax payable is *more* than the luxury car tax previously paid or payable.

You will need to increase the amount of luxury car tax payable if any of the following changes have occurred after the taxable supply or importation.

- There is an increase in the price of the car.

  Luxury car tax was calculated on the price of the car and that amount was included on your activity statement for that tax period. During a later tax period you and the purchaser agreed that the price paid should increase. You need to calculate the luxury car tax on the new price and work out the difference between the luxury car tax previously paid and what is currently payable.

EXAMPLE *adjustment for an increase in price*

You sold a car for $95 469.55, including $8000 GST and $7469.55 luxury car tax which you have paid to the ATO. During a later tax period you and the purchaser agreed to increase the price of the car by $10 000 to $105 469.55.

The $10 000 includes GST and luxury car tax, which must be taken out to enable you to work out your increasing luxury car tax adjustment. To do this apply the following formula:

Increase in price ÷ 1.35

$10 000 ÷ 1.35 = $7407.41

Multiply this by the luxury car tax rate of 25 per cent to arrive at your increasing luxury car tax adjustment:

$7407.41 × 25% = $1851.85

Transfer $1851.85 (the difference between the luxury car tax previously paid and what is currently payable) to line 2 on your worksheet on page 98.

NOTE

You will also have to make an increasing adjustment for the amount of GST.

- You quoted your ABN at the time of the purchase or importation and you now use the car for a purpose other than a quotable purpose.

EXAMPLE *adjustment for a change in quotable purpose*

You quoted your ABN when purchasing a luxury car which you intended to hold as trading stock. The luxury car tax value was $88 000. You did not pay luxury car tax on the supply. You later use the car as an executive vehicle. Since the car is being used for a purpose other than a quotable purpose, you will have an increasing luxury car tax adjustment of $7469.55, as shown in the example at Step 1.

Transfer $7469.55 (the difference between the luxury car tax previously paid and what is currently payable) to line 3 on your worksheet on page 98.

- You previously claimed a decreasing adjustment in respect of a bad debt or a debt overdue for 12 months or more and you have now recovered all or part of the debt.

EXAMPLE *adjustment for a recovered bad debt*

You sold a motor vehicle to Eggy Industries for $95 469.55, including $8000 GST and $7469.55 luxury car tax which you have paid to the ATO. You only received $67 469.55 from Eggy Industries before they went into liquidation. The liquidators advise that you will not recover the debt of $28 000.00 owed by Eggy Industries so you write this off as a bad debt. You have claimed a decreasing adjustment of $5185.19 in respect of the bad debt written off (see example on page 96).

Six months later, following the realisation of assets, the liquidators forward you a cheque for $15 134.00 for the settlement of Eggy Industries' debt of $28 000.00. As you have recovered an amount of debt which you have previously written off and for which you have claimed a decreasing luxury car tax adjustment, you will have an increasing adjustment worked out as follows.

The luxury car tax price of the original supply of the motor vehicle	$95 469.55
less	
Bad debt previously written off	$28 000.00
	$67 469.55
plus	
The amount of bad debt recovered	$15 134.00
Luxury car tax price of the supply	$82 603.55

As this amount includes GST and luxury car tax, you first need to take out the GST and luxury car tax on the amount above the threshold by using the following formula:

(Luxury car tax price – Luxury car tax threshold) ÷ 1.35

($82 603.55 – $55 134) ÷ 1.35	$20 347.81

Multiply this by the luxury car tax rate of 25 per cent to arrive at the luxury car tax payable.

$20 347.81 × 25%	$5 086.95
less	
The amount of luxury car tax payable when the debt was written off (see example on page 96)	$2 284.36
Amount of increasing adjustment	$2 802.59

Transfer $2802.59 (the difference between the luxury car tax previously paid and what is currently payable) to line 4 on your worksheet on page 98.

NOTE
You will also have to make an increasing adjustment for the amount of GST.

SECTION 4

- You previously had a decreasing adjustment and you now use the car for a purpose other than a quotable purpose.

EXAMPLE

You did not quote your ABN when purchasing a luxury car because the car was to be used by an executive of your dealership. The price you paid for the car was $95 469.55, including $7469.55 luxury car tax. However, when the car was delivered the executive did not use the car but instead you held it as trading stock. Therefore you claimed a decreasing adjustment on a previous activity statement of $7469.55.

You did not sell the car and allowed an executive to use it for personal use. This means you will have an increasing luxury car tax adjustment of $7469.55 for the current tax period.

Transfer $7469.55 (the difference between the luxury car tax previously paid and what is currently payable) to line 5 on your worksheet on page 98.

STEP 4 Add the amounts at lines 1 to 5 on your worksheet and show the total at line 6.

STEP 5 Transfer this total to 1E on your activity statement. This is your total amount of luxury car tax payable.

1F Luxury car tax refundable

Include at 1F any adjustment to luxury car tax previously paid if a change of circumstances means luxury car tax is refundable.

A *decreasing* luxury car tax adjustment occurs when the corrected luxury car tax payable is *less* than the luxury car tax previously paid or payable.

> **NOTE**
> You make an adjustment in the tax period in which the changes occur.

Completing 1F

STEP 1 Work out the amount of luxury car tax refundable to you.

You will need to decrease the amount of luxury car tax payable if any of the following changes have occurred after the taxable supply or importation.

- There is a decrease in the price of the car.

  Luxury car tax was calculated on the price and that amount was included on your activity statement for that tax period. During a later tax period you and the purchaser agreed that the price paid should decrease. You will need to calculate the luxury car tax on the new price and then work out the difference between the luxury car tax previously paid and what would be payable using the new value.

EXAMPLE *adjustment for a decrease in price*

You sold a car for $95 469.55, including $8000 GST and $7469.55 luxury car tax which you have paid to the ATO. During a later tax period you and the purchaser agreed to decrease the price of the car by $10 000 to $85 469.55.

The $10 000 includes GST and luxury car tax, which must be taken out to enable you to work out your decreasing luxury car tax adjustment. To do this apply the following formula:

Decrease in price ÷ 1.35

$10 000 ÷ 1.35 = $7407.41

Multiply this by the luxury car tax rate of 25 per cent to arrive at your decreasing luxury car tax adjustment.

$7407.41 × 25% = $1851.85

Transfer $1851.85 (the difference between the luxury car tax previously paid and what is currently payable) to line 7 on your worksheet on page 98.

NOTE

You will also have to make a decreasing adjustment for the amount of GST.

- You have written off a bad debt or a debt has been overdue for 12 months or more.

EXAMPLE *adjustment for a bad debt written off*

You sold a motor vehicle to Eggy Industries for $95 469.55, including $8000 GST and $7469.55 luxury car tax which you have paid to the ATO. You only received $67 469.55 from Eggy Industries before they went into liquidation. The liquidators advise that you will not recover the debt of $28 000.00 owed by Eggy Industries, so you write this off as a bad debt. You will have a decreasing adjustment worked out as follows:

The luxury car tax payable on the original supply of the motor vehicle	$7 469.55
less	
The luxury car tax payable on the reduced luxury car tax price of the motor vehicle	

To work this out, take the following steps.

Original price of the supply including GST and luxury car tax	$95 469.55
less	
The amount of debt written off	$28 000.00
The reduced luxury car tax price	$67 469.55

As this includes GST and luxury car tax, you first need to take out the GST and luxury car tax on the amount above the threshold by using the following formula:

(Luxury car tax price – Luxury car tax threshold) ÷ 1.35

($67 469.55 – $55 134) ÷ 1.35	$9 137.44

Multiply this by the luxury car tax rate of 25 per cent to arrive at the amount of luxury car tax payable on the reduced price.

$9137.44 × 25%	$2 284.36

Then work out the amount of the decreasing adjustment by deducting this amount from the previous luxury car tax payable.

$7469.55 – $2284.36	$5 185.19

Transfer $5185.19 (the difference between the luxury car tax previously paid and what is currently payable) to line 8 on your worksheet on page 98.

NOTE
You will also have to make a decreasing adjustment for the amount of GST.

- You did not quote your ABN at the time of the purchase or importation and you now use the car for a quotable purpose.

EXAMPLE *adjustment for a change in quotable purpose*

You did not quote your ABN when purchasing a luxury car because the car was to be used by an executive of the dealership. The price you paid for the car was $95 469.55, including $7469.55 luxury car tax. However, when the car was delivered the executive did not use the car but instead it was held as trading stock. You therefore have a decreasing luxury car tax adjustment of $7469.55.

Transfer $7469.55 (the difference between the luxury car tax previously paid and what is currently payable) to line 9 on your worksheet on page 98.

- The sale is cancelled.

  Luxury car tax was previously paid on an earlier activity statement and you and the purchaser have now agreed that the sale contract be terminated. You will need to work out the luxury car tax previously paid.

NOTE
You will also have to make a decreasing adjustment for the amount of GST.

EXAMPLE *adjustment for a cancelled sale*

You sold a motor vehicle for $95 469.55, including $8000 GST and $7469.55 luxury car tax which you have paid to the ATO. During a later tax period you and the purchaser agreed to cancel the sale. You have a decreasing luxury car tax adjustment of $7469.55.

Transfer $7469.55 (the difference between the luxury car tax previously paid and what is currently payable) to line 10 on your worksheet on page 98.

STEP 2 Add the amounts at lines 7 to 10 on your worksheet and show the total amount at line 11.

STEP 3 Transfer this total to 1F on your activity statement. This is your total amount of luxury car tax refundable.

Check that you have:

- written the total amount of luxury car tax you need to pay, including any increasing adjustment, at 1E and
- written the total amount of luxury car tax refundable to you at 1F.

If you need more information about luxury car tax, contact the ATO. Contact details are on page 138.

Luxury car tax worksheet

Tax period ______________________________

Line		$
1	Luxury car tax payable.	

NOTE
Do *not* make adjustments to correct mistakes you made in completing a previous activity statement. If you have made a mistake on your activity statement, contact the ATO on **13 24 78**.

	Increasing adjustments	
2	There is an increase in the price of the car.	
3	You quoted your ABN at the time of the purchase or importation and you now use the car for a purpose other than a quotable purpose.	
4	You have recovered a bad debt.	
5	You previously had a decreasing adjustment and you now use the car for a purpose other than a quotable purpose.	
6	Add the amounts at lines 1 to 5 and transfer the total amount to 1E on the front of your activity statement.	

	Decreasing adjustments	
7	There is a decrease in the price of the car.	
8	You have written off a bad debt or a debt has been overdue for 12 months or more.	
9	You did not quote your ABN at the time of the purchase or importation and you now use the car for a quotable purpose.	
10	The sale is cancelled.	
11	Add the amounts at lines 7 to 10 and transfer the total amount to 1F on the front of your activity statement.	

Special credit for wholesale sales tax

1G Special credit for wholesale sales tax

You cannot use this section to claim a credit for wholesale sales tax overpaid. To make such a claim you must lodge an *Application for Refund of Sales Tax*. Contact the ATO on **13 28 66** to obtain an application form.

Complete the special credit for wholesale sales tax section of your activity statement if you are claiming a special GST credit for wholesale sales tax paid on your stock on hand at 1 July 2000.

If you are not claiming a special credit for wholesale sales tax in this period, go to the instructions for the Pay As You Go withholding section of your activity statement on page 105.

1G Special credit for wholesale sales tax

You need to know

If you are registered for GST you can claim a credit for wholesale sales tax paid on eligible stock on hand at the start of 1 July 2000. You must claim the credit on any *one* activity statement lodged for a tax period that ends before 7 January 2001. This means that if you have quarterly tax periods you must claim the credit on *one* of your first two activity statements or, if you have monthly tax periods you must claim the credit on *one* of your first six activity statements.

You cannot claim a credit for wholesale sales tax paid on:

- second-hand goods, unless you imported them for sale or exchange and paid sales tax on them
- plant and equipment which you have used in your business
- demonstration goods, or
- goods for hire or lease.

In the case of grape wine, grape wine products such as marsala, vermouth, wine cocktails and creams, other fruit wines and vegetable wines, cider, perry, mead and sake, you can claim a credit equal to $^{12}/_{41}$ of the amount of wholesale sales tax included in the price of the wine. However, stocks of wine you hold that you purchased before 6 August 1997 are subject to a different credit amount. Contact the ATO on **13 24 78** for more information.

You can claim a credit for all or part of the wholesale sales tax paid on certain other alcoholic beverages. The amount of the credit depends on the type of product and whether the new duty rate has increased or decreased. Contact the ATO on **13 24 78** for more information.

Completing 1G

STEP 1 Work out the amount of sales tax charged to you on the purchase or importation of goods which you held for sale or exchange (but not for manufacture) at the start of 1 July 2000.

STEP 2 Reduce the amount of the credit to allow for discounts, credits or rebates which decreased the amount of sales tax you were charged for the goods.

STEP 3 Write the amount of the credit at 1G on the front of your activity statement.

If you use any of the goods for which you have claimed this credit for private purposes, include the market value of the goods at G1 in the GST section of your activity statement (see page 34).

If after making your claim, something happens so that your entitlement to the special credit for wholesale sales tax is changed, you must lodge a Revised Activity Statement to replace the one on which you made your claim.

You may have to do this if you receive any discounts or rebates that reduce the price for which you purchased your stock, if you accept any returns of goods back into stock, or if you return any of your stock to your supplier.

You do this rather than treating the amount of the discounts, rebates or returns as an adjustment on your current activity statement.

Check that you have:

- worked out any special credit for wholesale sales tax to which you are entitled, and
- written the amount of credit at 1G.

The ATO has issued a ruling on the special GST credit for wholesale sales tax (GSTR 2000/8). Contact the ATO on **13 24 78** for more information.

Working out your net GST payable or GST credit

2A	Add 1A + 1C + 1E	
2B	Add 1B + 1D + 1F + 1G	
3	2A minus 2B	(GST net amount)

Working out your net GST payable or GST credit

DEFINITION

The **net amount** payable or refundable is one of the amounts included on your activity statement.
At the end of each tax period you work out the total GST payable and the total input tax credits that belong to the tax period. You offset your total input tax credits against the total GST payable.

You now need to work out your **net amount** of GST payable or your net amount of GST credit.

Go to the front of your activity statement

2A	Add 1A + 1C + 1E

Add the amounts recorded at 1A 1C and 1E and write the amount at 2A.

2B	Add 1B + 1D + 1F + 1G

Add the amounts recorded at 1B 1D 1F and 1G and write the amount at 2B.

3	2A minus 2B (GST net amount)

Subtract the amount at 2B from the amount at 2A and write the amount at 3.

If the result is a positive amount, this is your net amount of GST payable.

If the result is a negative amount, this is your net amount of GST credit.

Your net amount of GST payable or GST credit will be offset against any other obligations you have.

STOP

If the amount at 3 is a negative amount, do not write a minus sign (–) on your activity statement.

Pay As You Go withholding

Small and medium withholders

Pay As You Go withholding

STOP

Check the date printed at the top of the section to see what period you are accounting for on this activity statement.

Complete the Pay As You Go (PAYG) withholding section of your activity statement if you have withheld tax from payments to others.

If you are not required to complete this section, go to the instructions for the PAYG instalment section of your activity statement on page 113.

You need to know

The new PAYG withholding system provides a standardised and easy to understand system to help businesses work out which types of payments are subject to withholding. The rates of withholding are usually in accordance with the withholding schedules (tax tables) published by the Commissioner of Taxation or, for some payments, in accordance with the Taxation Administration Regulations.

Withholding arrangements generally apply to salary or wage type payments made to employees, payments to company directors and other office holders, and a range of other payments. Withholding arrangements also apply to payments made on invoices where a supplier's ABN is not quoted. Certain investment distributions may also be subject to withholding arrangements. For more information on the payments that are subject to withholding, see the *Guide to Pay As You Go for business*, which is available from the ATO on **13 24 78**.

The taxation law classifies withholders as small, medium or large, as follows.

- *Small withholders* are those who withheld $25 000 or less in the previous financial year.
- *Medium withholders* are those who withheld more than $25 000 but not more than $1 million in the previous financial year.
- *Large withholders* are those who withhold more than $1 million (see page 111).

STOP

Large withholders do not use an activity statement to report PAYG amounts withheld. See page 111 for more information.

If you are a small withholder you need to complete the PAYG withholding section of your activity statement and pay any amount owing for *each quarter*. Your quarterly activity statement and any payment are due on 21 October, 21 January, 21 April and 21 July.

If you are a medium withholder you need to complete the PAYG withholding section of your activity statement and pay any amount owing for *each month*. Your monthly activity statement and any payment are due on the 21st of each month following the period covered by the activity statement. Note that even if you have other quarterly obligations to the ATO, you will receive a monthly activity statement to notify and pay your PAYG withholding obligation.

Small and medium withholders

Go to the back of your activity statement

W1 Total of salary, wages and other payments

This is where you report the payments from which you are usually required to withhold amounts at the rate shown in the Commissioner's published tax tables.

Do *not* include any payment from which you have withheld an amount where an Australian Business Number (ABN) has not been quoted on an invoice or a tax file number has not been quoted in respect of an investment distribution. You do not have to report these payments but you do have to include amounts withheld from these payments at W3 and W4.

Completing W1

STEP 1 Work out the total amounts you paid, before withholding any amounts, for the following types of payments:

- ordinary salary or wages paid to full-time, part-time and casual employees, including overtime, penalties and shift allowances, and other allowances
- commissions, retainers, performance, incentive or bonus payments and holiday leave loadings
- severance, termination and redundancy payments
- directors fees and remuneration
- payments to office holders in any federal, State, Territory or eligible local government body
- payments for unused annual or long service leave
- eligible termination payments and superannuation type payments such as pensions or annuities
- compensation, sickness and accident payments in respect of incapacity for work which are made as regular or periodic payments
- payments made to workers by labour hire firms under labour hire arrangements
- payments made to an individual payee for work or services where the parties (payer and payee) enter into a voluntary agreement that amounts will be withheld from those payments, and
- amounts paid as non-cash benefits, but not including amounts subject to fringe benefits tax.

STEP 2 Write at W1 the total amount paid for salary, wages and the range of other payments outlined at Step 1.

SECTION 6

Ensure that the total amount recorded at W1 includes all withholding payments from which no deductions were made because the payments were under the minimum threshold at which income tax is required to be withheld. For example, wages for casual or part-time work may not exceed the minimum threshold (currently $104 per week) and will not have tax withheld but you still need to include these wage amounts at W1. The Commissioner's published tax tables set out the minimum threshold and the withholding rates.

NOTE

The Commissioner's published tax tables are available from the ATO. Alternatively, you can use the withholding amount calculator which is readily available on the ATO website at **www.ato.gov.au**

W2 Amounts withheld from salary, wages and other payments

Unless the ATO has made other arrangements with you or your employees, you must withhold at the rates shown in the Commissioner's published tax tables and only withhold amounts from payments made to individuals.

Completing W2

STEP 1 Work out the total amount you withheld from payments recorded at W1. This would include amounts withheld from:

- all salary and wages paid to employees, and
- the range of other payments outlined at W1.

STEP 2 Write at W2 the total amount withheld from payments recorded at W1.

STOP

Do not include amounts you withheld from interest, dividend and royalties paid to non-residents. The ATO will provide separate payment books for these types of withholding.

W3 Amounts withheld from investment distributions where no TFN is quoted

Where a resident investor has not provided a tax file number (TFN), the investment body must withhold an amount from the investment distributions made to the investor at the top marginal rate plus the Medicare levy (currently a total of 48.5 per cent).

Completing W3

STEP 1 Work out the total amount you withheld from payments to Australian residents for interest, dividends or unit trust distributions where the investors did not provide you (the investment body) with a tax file number.

STEP 2 Write at W3 the total amount you withheld from investment distributions where a tax file number was not quoted.

W4 Amounts withheld from payment of invoices where no ABN is quoted

NOTE
Withholding applies only to invoices of more than $50 where both the payer and payee are conducting business.

Where a business supplies you with goods or services and does not provide its ABN on its invoice or other document relating to the supply, you must withhold an amount from the payment of that invoice at the top marginal rate plus the Medicare levy (currently a total of 48.5 per cent).

Completing W4

STEP 1 Work out the total amount you withheld from payments made to entities (including individuals) who are conducting business transactions and have not provided you with an invoice showing an ABN relating to that business.

STEP 2 Write at W4 the total amount you withheld from payments where an ABN was not quoted.

Go to the front of your activity statement

4 Pay As You Go withholding

Completing 4

Small withholders

Small withholders are required to notify and remit the amounts withheld from payments during a quarter by the 21st day after the end of that quarter.

STEP 1 Add the amounts recorded at W2 W3 and W4.

STEP 2 Write at 4 the total amount you have withheld from all payments.

Medium withholders

Medium withholders are required to notify and remit the amounts withheld from payments during a month by the 21st day of the next month. They will receive monthly activity statements for the first and second months of each quarter to supplement the four quarterly statements for their other business obligations.

STEP 1 Add the amounts recorded at W2 W3 and W4.

STEP 2 Write at 4 the total amount you have withheld from all payments.

EXAMPLE *calculating a withholding amount*

Alpha Centuri Pty Ltd withheld amounts from payments during the month of August. The company is a medium withholder and must pay amounts withheld during a month by the 21st day of the following month. The ATO will issue an activity statement for each month.

During August Alpha Centuri Pty Ltd:

- made payments of $75 800 for wages and withheld $15 325 (the withholding amounts are deducted according to the Commissioner's tax tables)
- made payments of $5000 on invoices where an ABN was not quoted and withheld $2425, and
- did not make any investment distributions.

Alpha Centuri completes its activity statement for withholding amounts as follows:

W1 Writes total payments of $75 800.

W2 Writes the withheld amount of $15 325.

W3 Writes $0.

W4 Writes the withheld amount of $2425. Note that the company does not include the payment of $5000 for invoices from which it withheld amounts because an ABN was not quoted.

Total amount of Alpha Centuri Pty Ltd's withholding liability

4 Alpha Centuri adds the amounts at W2 and W4 and writes this amount at 4 on the front of its activity statement. The total amount at 4 is $17 750, made up of $15 325 from W2 and $2425 from W4. This is the amount of the company's *withholding liability* for August. The company may have other liabilities on this activity statement.

Check that you have:

- written at W1 the total of salary, wages and other withholding payments
- written at W2 the amount withheld from salary, wages and other payments recorded at W1
- written at W3 the amount withheld from investment distributions where a tax file number was not quoted
- written at W4 the amount withheld from payment of invoices where an ABN was not quoted, and
- written at 4 the total amount withheld from all payments.

The circumstances and obligations about withholding are explained in detail in the *Guide to Pay As You Go for business* which is available from the ATO. Contact details are on page 138.

Large withholders

STOP

If you are a large withholder, check that you have the separate guidelines for large withholders.

There are separate arrangements for the notification and payment of PAYG amounts withheld by large withholders, that is, those who withhold more than $1 million.

If you are a large withholder, the ATO will send you the guidelines on how to pay PAYG amounts you withhold.

Pay As You Go instalment

Pay As You Go instalment

STOP

Check the date printed at the top of the section to see what period you are accounting for on this activity statement.

STOP

You will not be eligible to pay an annual instalment if you are registered or required to register for GST.

Complete the Pay As You Go (PAYG) instalment section of your activity statement only if there is a figure pre-printed at T2 on the back of your activity statement.

If you do not have any instalment income for this period, write $0 at T1 and go to the instructions for the fringe benefits tax instalment section of your activity statement on page 125.

You need to know

Most individuals and entities with business or investment income are required to pay PAYG instalments on that income. Depending on certain criteria, you may pay quarterly instalments or an annual instalment.

If you are registered for GST, you pay PAYG instalments quarterly. If your income year ends on 30 June, your instalments are due as shown in the following table.

Quarter ends	Instalment is due on or before
30 September	21 October
31 December	21 January
31 March	21 April
30 June	21 July

If your income year ends on a date other than 30 June, your first instalment quarter consists of the first three months of your income year, and so on. Your instalment for each quarter is due on or before the 21st day of the month after the end of that quarter.

You work out the amount of your quarterly instalment by multiplying your instalment income for the quarter by an instalment rate (expressed as a percentage to two decimal places) provided by the ATO. The instalment rate is based on information taken from the most recent assessment for your most recent income year for which an assessment has been made. You can choose a different instalment rate if you consider that the rate provided by the ATO is not appropriate for the current year.

NOTE

You are still required to lodge your annual income tax return at the end of the income year. Any PAYG instalments for that year will be credited to your assessment.

If you are a trustee and the ATO has given you an instalment rate, you are liable to pay PAYG instalments. You may have been given an instalment rate in respect of one or more of the beneficiaries of the trust or in respect of net income which does not form part of a beneficiary's share of trust net income. If so, you have a separate liability to pay PAYG instalments in respect of each such beneficiary or such net income.

If you lodge monthly activity statements and pay quarterly PAYG instalments, you complete the PAYG instalment section of your activity statement only at the end of each quarter.

Go to the back of your activity statement

T1 Instalment income

To work out the amount of your quarterly PAYG instalment, you first need to work out your instalment income for the quarter.

Completing T1

STEP 1 Work out your instalment income for the quarter.

The general rule is that instalment income is the gross ordinary income derived in the quarter that is assessable income for that income year. Some examples of ordinary income earned from your business or investment activities are:

- gross sales
- gross fees for services
- interest received or credited to a bank account
- gross rent
- dividends paid or applied on your behalf, and
- royalties.

Do not include in your gross ordinary income the GST, wine equalisation tax and luxury car tax you charge your customers, clients or tenants.

Include the following income for the quarter:

- all the ordinary income you earned from your business or investment activities
- your share of any partnership income (see 'Information for partners' on the next page)
- your share of any trust income (see 'Information for beneficiaries of trusts' on page 117)
- income from which tax has been withheld because you did not provide your tax file number or Australian Business Number, and
- any amount you withdrew from a farm management deposit.

STOP

Do not include:

- any income from which amounts have been withheld or should have been withheld (other than income from which tax has been withheld because you did not provide your tax file number or Australian Business Number)
- any imputation credit recorded on a dividend statement
- any amount that is only deemed to be a dividend under a specific provision of the income tax laws
- capital gains, unless you are a trustee of a superannuation fund, eligible approved deposit fund or pooled superannuation trust, a life insurance entity or registered organisation, or
- exempt income.

NOTE

The most common types of exempt income are:

- some Commonwealth of Australia government pensions, allowances and payments (for example, exempt pensions, education payments)
- Defence Force and United Nations payments, and
- other exempt payments (for example, child support payments).

A full list of exempt income is available from the ATO on **13 24 78**.

If you are a trustee and you have been given an instalment rate by the ATO and the trust is not taxed as an entity, your instalment income in respect of each instalment liability is the whole of the trust's instalment income.

If you are a trustee of a superannuation fund, eligible approved deposit fund or pooled superannuation trust, you must include statutory income (for example, capital gains) as well as ordinary income in your instalment income.

If you are a life insurance entity or a registered organisation, you must include statutory income (for example, capital gains) arising from your complying superannuation and roll-over annuity business, as well as ordinary income, in your instalment income.

Information for partners

A partner, other than a partner in a corporate limited partnership, is required to include their share of any instalment income earned by the partnership for the instalment quarter. A partner must include income for each partnership in which they are a partner. Note that it is the partner, not the partnership, that pays PAYG instalments.

The amount is worked out using the following formula:

$$\frac{\text{Your assessable income from the partnership for the last income year}^{1}}{\text{Partnership's instalment income for the last income year}^{1}} \times \text{Partnership's instalment income for the current period}$$

If you are a partner in a corporate limited partnership, you are liable to include only an actual distribution from the partnership in your instalment income.

[1] If this amount was nil, you must include in your instalment income an amount that is fair and reasonable. You should work out that amount by considering your interest in the partnership, the partnership's instalment income for the current period, and any other relevant circumstances.

Information for beneficiaries of trusts

A beneficiary, other than a beneficiary in a corporate unit trust or public trading trust, is required to include their share of any instalment income earned by the trust for the instalment quarter. A beneficiary must include income for each trust in which they are a beneficiary.

The amount is worked out using the following formula:

$$\frac{\text{Your assessable income from the trust for the last income year}^{1}}{\text{Trust's instalment income for the last income year}^{1}} \times \text{Trust's instalment income for the current period}$$

The trustee of the trust should provide beneficiaries with the amount to include in their instalment income or the information they need to work out that amount.

If you are a beneficiary in a corporate unit trust or public trading trust, you are liable to include only an actual distribution from the trust in your instalment income.

[1] If this amount was nil, you must include in your instalment income an amount that is fair and reasonable. You should work out that amount by considering your interest in the trust, the trust's instalment income for the current period, and any other relevant circumstances.

Reduce your instalment income by any amount you can reasonably expect to deduct in respect of any farm management deposit you made during the instalment quarter. However, you cannot reduce your instalment income below nil.

STEP 2 Write this instalment income amount for the quarter at T1.

T2 Commissioner's/varied instalment rate

NOTE

If you would like more information about how your instalment rate is calculated and about variations, contact the ATO on **13 24 78** to obtain the Technical Guides to Instalment Rates, Notional Tax and Variations.

An instalment rate is pre-printed at T2 on your activity statement.

If this is your first PAYG instalment for the income year

The instalment rate pre-printed at T2 will be the Commissioner's instalment rate. You should have already received notification from the ATO of this rate and how it was calculated.

If this is not your first PAYG instalment for the income year

The instalment rate pre-printed at T2 will be either the Commissioner's instalment rate or, if you have chosen your own rate for the income year, it will be your most recently chosen rate (that is, your varied rate).

You now need to decide whether to use the instalment rate pre-printed at T2 or an instalment rate you choose (that is, a varied rate).

If you are not varying your instalment rate, go to 5A on the front of your activity statement.

If you are varying your instalment rate, continue to T3.

STOP

Complete T3 only if you are varying your instalment rate.

NOTE

You must notify the ATO of the varied instalment rate as well as your instalment income on or before the due date of the instalment. You do this at T1 and T3 on your activity statement. You cannot revoke the instalment rate you have chosen for a quarter after you have notified the ATO of the rate.

T3 New varied instalment rate

You can vary your instalment rate if the instalments worked out using the instalment rate pre-printed at T2 will not adequately reflect your expected tax liability for the year. A list of appropriate reasons is shown on the next page.

If you choose your own instalment rate, you use that varied rate for each subsequent quarter in the income year unless you choose another rate for a later quarter.

If you subsequently choose another instalment rate, you use that varied rate for each subsequent quarter in the income year unless you choose another rate for a later quarter.

Your varied instalment rate will not carry over to the next income year.

You may be liable to pay the General Interest Charge if your varied instalment rate is less than 85 per cent of the instalment rate which would have covered your actual liability for the income year. The ATO will work out that instalment rate based on your instalment income and the tax attributable to your business and investment income (excluding capital gains) for the year.

Completing T3

STEP 1

If you are varying your instalment rate, write the varied rate at T3.

STOP

Complete T4 only if you have varied your instalment rate for this quarter.

T4 Reason for variation

You must tell the ATO why you have decided to vary the rate from that pre-printed at T2.

Completing T4

STEP 1

Choose a reason from the list on the next page that best describes why you decided to vary your instalment rate.

Code	Reason
01	Mergers, acquisitions and takeovers
02	Cessation of business activity
03	Expected utilisation of losses of a revenue or capital nature
04	Significant (abnormal) transactions affecting income or expenses
05	Change in trading conditions affecting income or expenses
06	Domestic or foreign financial market changes
07	Change in investment strategies or policies
08	Change in product mix
09	Business expansion or contraction
10	Change in entity structure
11	Internal or external restructuring of business activity
12	Change in any legislation
13	Change in profit margin

STEP 2 Write the corresponding code at T4.

Go to the front of your activity statement

5A Pay As You Go instalment

Completing 5A

STEP 1 Work out the amount of your PAYG instalment using the following formula:

Instalment rate × Instalment income for the quarter

The *instalment rate* you use is the one pre-printed at T2 or the varied instalment rate you have written at T3.

Your *instalment income for the quarter* is the amount you have written at T1.

EXAMPLE *working out an instalment*

Your income from rent for the quarter is $9000 and you receive $20 interest, so your instalment income for the quarter is $9020. The instalment rate provided by the ATO is 10.25 per cent.

To work out your PAYG instalment, multiply your instalment income for the quarter by your instalment rate (that is, $9020 × 10.25% = $924.55).

Your PAYG instalment for the quarter is $924.

STEP 2

Write your PAYG instalment at 5A.

If you have varied your instalment rate continue to 5B.

If you have not varied your instalment rate, go to 'Check that you have' on the next page.

5B Credit arising from reduced Pay As You Go instalments

STOP

Complete 5B only if you have varied your instalment rate.

You may be entitled to a credit from earlier instalments for the same income year if you have decided to use a varied instalment rate and your varied instalment rate at T3 is less than the instalment rate pre-printed at T2.

A variation credit will occur only when those earlier instalments were worked out using a higher instalment rate. This credit is offset against your other liabilities on your activity statement (that is, it will be included in the net amount payable or refundable at 9 on your activity statement).

Completing 5B

Use the steps below to work out the credit you may be entitled to claim.

STEP 1

Add up your instalments for the earlier instalment quarters in the income year (even if you have not paid all of them). These are the amounts you have recorded at 5A on your previous activity statements for the income year.

STEP 2

Add up all the credits you have claimed for the income year. These are the amounts you have recorded at 5B on your previous activity statements for the income year.

STEP 3

Subtract the amount at Step 2 from the amount at Step 1.

STEP 4

Add up your instalment income for all earlier instalment quarters in the income year. These are the amounts you have recorded at T1 on your previous activity statements for the income year.

STEP 5 Multiply the amount at Step 4 by the instalment rate you chose and recorded at T3 on this activity statement.

STEP 6 Subtract the amount at Step 5 from the amount at Step 3.

If the result is a positive amount, this is the amount of the credit you may claim.

NOTE
If you do not have records of the amounts you need to work out your credit, please contact the ATO on **13 24 78**.

EXAMPLE *working out an amount of credit*

Company XYZ has paid earlier instalments of $12 000 and $10 000. It claimed a credit of $4000 in the second instalment quarter.

It decides to vary its instalment rate for the third quarter because of a reduction in the profit margin on sales due to increased competition. It varies the rate to 8 per cent. Company XYZ had varied its instalment rate for the second quarter to 10 per cent and this is pre-printed at T2.

The total instalment income from the earlier quarters during the income year is $180 000.

As Company XYZ's varied instalment rate is less than the instalment rate pre-printed at T2 the company is entitled to a credit from earlier instalments for the income year.

Step 1 $12 000 (earlier instalment) + $10 000 (earlier instalment) = $22 000

Step 2 $4000 (total of earlier credits)

Step 3 $22 000 (Step 1) – $4000 (Step 2) = $18 000

Step 4 $180 000 (instalment income for earlier instalment quarters)

Step 5 $180 000 (Step 4) × 8% (varied rate) = $14 400

Step 6 $18 000 (Step 3) – $14 400 (Step 5) = $3600

Company XYZ can claim a credit of $3600.

STEP 7 Write the amount you choose to claim as your credit at 5B.

Check that you have:

- written your instalment income at T1
- written your varied instalment rate at T3 if the instalment rate you are using is different from the rate pre-printed at T2
- written a reason at T4 if you have varied your instalment rate
- written the amount of your PAYG instalment at 5A and
- written the amount of credit at 5B if you are entitled to a credit for earlier instalments.

If you are a company, superannuation fund or other entity liable to pay instalments under the company or superannuation fund instalment system, go to 'Deferred company or fund instalment' on the next page.

Deferred company or fund instalment

If you are a company, superannuation fund or other entity liable to pay instalments under the company or superannuation fund instalment system and you were within that instalment system in the 1999–2000 income year, you may be entitled to defer all or part of your final 1999–2000 instalment liability. The deferred amount will be repaid in interest-free instalments.

You are entitled to defer all or part of your final 1999–2000 instalment liability only if you are liable to pay a quarterly PAYG instalment for the first instalment quarter of the 2000–01 income year. If you choose to pay an annual PAYG instalment for the 2000–01 income year, you are not entitled to defer your final 1999–2000 instalment liability.

If you have lodged your 1999–2000 income tax return there should be a figure pre-printed at 7. This is an instalment of your deferred 1999–2000 instalment liability. You must include this amount in the net amount of your obligations at 9 on the front of your activity statement.

If there is no amount pre-printed at 7 and:

- you have chosen to defer part of your final instalment liability for the 1999–2000 income year, and
- you have become liable to repay part of that deferred amount

you need to work out the amount to be repaid.

NOTE

You become liable to begin repaying the deferred amount on the due date for the first PAYG instalment that follows the due date for your final instalment for the 1999–2000 income year.

If you need more information on deferred instalments, contact the ATO on **13 24 78**.

7 Deferred company/fund instalment

Completing 7

STEP 1

Work out the amount of your assessed tax for the 1999–2000 income year and the amount of your final instalment for that income year.

Use the worksheet that accompanies the guide to completing your income tax return for 1999–2000 to help you do this.

STEP 2

Using your amount of assessed tax for 1999–2000 and information in the following table, work out the maximum amount you can defer.

Amount of assessed tax for 1999–2000	Maximum amount you can defer	Number of quarterly payments
Less than $8000	100% of the assessed tax	21
$8000 to $300 000	42% of the assessed tax	21
More than $300 000	20% of the assessed tax	10

NOTE

You may choose to defer less than the maximum amount.

STEP 3 Work out the actual amount you choose to defer. This is the lesser of:

- the maximum deferred amount worked out under Step 2, and
- the amount of your final instalment.

However, you may choose to defer less.

STEP 4 Work out your quarterly instalment amount based on the amount you have chosen to defer at Step 3. Use the following formula and information in the table on the previous page to do this.

$$\text{Quarterly instalment amount} = \frac{\text{Amount you are deferring}}{\text{Number of quarterly payments}}$$

EXAMPLE *final instalment less than maximum amount*

Your assessed tax for the 1999–2000 income year was $10 000 and your final instalment for that year was $3150. The maximum amount you can defer is the lesser of:

- $4200, that is, 42 per cent of $10 000, and
- $3150, that is, the amount of your final instalment.

However, you may choose to defer less.

Unless you choose to defer less, the amount of your quarterly payment is $150, that is, $3150 divided by 21 (number of quarterly payments).

EXAMPLE *maximum amount less than final instalment*

Your assessed tax for the 1999–2000 income year was $10 000 and your final instalment for that year was $4500. The maximum amount you can defer is the lesser of:

- $4200, that is 42 per cent of $10 000, and
- $4500, that is, the amount of your final instalment.

However, you may choose to defer less.

Unless you choose to defer less, the amount of your quarterly payment is $200, that is, $4200 divided by 21 (number of quarterly payments).

Because your final instalment was $4500, which is more than the maximum amount you can defer, you will need to pay the difference of $300 when your final company or fund instalment is due.

Check that you have:

- noted if there is an amount pre-printed at 7
- if there is not an amount pre-printed at 7 and you have chosen to defer part of your final instalment liability for the 1999–2000 income year and have now become liable to repay some part of that deferred amount
  – worked out the amount to be repaid, and
  – written that amount at 7 .

Information about PAYG instalments and deferred instalments is in the *Guide to Pay As You Go for business* and the Technical Guides to Instalment Rates, Notional Tax and Variations, which are available from the ATO. Contact details are on page 138.

Fringe benefits tax instalment

- F1 **ATO-calculated fringe benefits tax instalment**
- F2 **Estimated total fringe benefits tax payable**
- F3 **Varied fringe benefits tax instalment**
- F4 **Reason for fringe benefits tax variation**
- 6A **Fringe benefits tax instalment**
- 6B **Credit arising from reduced fringe benefits tax instalments**

Fringe benefits tax instalment

STOP

Check the date printed at the top of the section to see what period you are accounting for on this activity statement.

Complete the fringe benefits tax (FBT) instalment section of your activity statement if your previous year's FBT liability was $3000 or more.

If you are not required to complete this section, go to the instructions for working out your amount payable or refundable on page 131.

If you lodge monthly activity statements *and* pay FBT quarterly, you complete the FBT instalment section only after the end of each quarter. For the first year, FBT instalments are reported on your activity statements that are due on 21 October, 21 January and 21 April.

You need to know

FBT is a tax payable by employers in respect of fringe benefits provided to employees in the place of, or in addition to, salary or wages. Generally, employers can claim an income tax deduction for the cost of providing the fringe benefits and the amount of FBT incurred.

Employers generally pay the current year's FBT in four quarterly instalments if their previous year's FBT liability is equal to or exceeds the FBT instalment threshold. The instalment threshold for the year commencing 1 April 2000 is $3000.

Instalments for the FBT year are payable on 21 July, 21 October, 21 January and 21 April. A balancing payment (if any) is made when the annual FBT return is lodged. From the FBT year commencing 1 April 2000, the annual return is due on 21 May. If an employer is not required to pay by instalments, the whole FBT liability is paid when the annual FBT return is lodged.

Go to the back of your activity statement

F1 ATO-calculated fringe benefits tax instalment

The amount pre-printed at F1 is your FBT instalment amount for this quarter. Instalments are based on the 'notional tax amount'. Generally the notional tax amount is the same as your previous year's FBT liability. You may apply to vary the notional tax amount in certain circumstances (see F2 and F3 on the next page).

Completing F1

STEP 1 If you do not wish to vary your FBT instalment amount, transfer the amount pre-printed at F1 to 6A on the front of your activity statement. Then go to the instructions for working out your amount payable or refundable on page 131.

STEP 2 If you wish to vary your FBT instalment amount, go to F2 and F3 on the next page.

STOP

Complete F2, F3 and F4 only if you are varying your FBT instalment amount for the quarter.

F2 Estimated total fringe benefits tax payable

If you estimate that your total FBT payable for the FBT year ended 31 March will be different from your notional tax amount, you may pay varied instalments based on your estimated liability.

In estimating your total FBT payable, you may use the gross-up formula applicable for the FBT year ended 31 March 2000.

You will still be required to pay by instalments if you estimate that this year's FBT liability will be less than $3000, unless you expect this year's liability to be nil.

However, remember that you may be liable to pay the General Interest Charge if your estimate of tax payable is less than 85 per cent of the tax ultimately assessed for the year, and you have paid instalments on the basis of that estimate.

Completing F2

STEP 1 Estimate your total FBT payable for the year ended 31 March.

STEP 2 Write your estimated total FBT that will be payable for the year at F2.

F3 Varied fringe benefits tax instalment

Completing F3

STEP 1 Work out the amount of your varied FBT instalment for the quarter using the following formula:

(Estimated total FBT payable × Relevant fraction) –
(Previous instalment liabilities – Any previous credits claimed)

Estimated total FBT payable is the amount you recorded at F2.

Relevant fractions are: .25 for the quarter ended 30 June
.5 for the quarter ended 30 September
.75 for the quarter ended 31 December
1 for the quarter ended 31 March.

Previous instalment liabilities are the sum of the amounts you have recorded at 6A on your previous activity statements for the FBT year.

Any previous credits claimed are the sum of the amounts you have recorded at 6B on your previous activity statements for the FBT year.

STEP 2

If the varied FBT instalment amount for the quarter is a positive amount, write it at F3. If it is zero or a negative amount, write zero at F3.

STOP

Complete F4 only if you have varied your FBT instalment amount for the quarter.

F4 Reason for fringe benefits tax variation

If you have varied your FBT instalment amount, you must tell the ATO why you decided to vary the amount. Use the list of reasons provided below.

Completing F4

STEP 1

Choose a reason from the list below that best describes why you decided to vary your FBT instalment amount for the quarter.

Code	Reason
01	Benefits ceased/reduced and salary increased
02	Benefits ceased/reduced and no compensation to employees
03	Fewer employees
04	Increase in employee contribution
05	Rebate now claimed
06	Liquidation, receiver/manager appointed
07	None of the above

STEP 2

Write the corresponding code at F4.

Go to the front of your activity statement

6A Fringe benefits tax instalment

Completing 6A

STEP 1

If you are using the FBT instalment amount pre-printed at F1 transfer the amount to 6A.

STEP 2

If you have varied your FBT instalment amount for the quarter, transfer the varied FBT instalment amount recorded at F3 to 6A.

STOP

Complete 6B only if you have varied your FBT instalment amount for the quarter and you have excess instalment credits.

6B Credit arising from reduced fringe benefits tax instalments

You may get an FBT instalment credit if you vary your notional tax to an amount lower than the FBT payable last year. You should take this credit into account in determining any amount payable to the ATO.

Completing 6B

STEP 1

Work out the amount of your FBT instalment credit using the following formula:

(Previous instalment liabilities + FBT instalment for this quarter – Any previous credits claimed) – (Estimated total FBT payable × Relevant fraction)

Previous instalment liabilities are the sum of the amounts you have recorded at 6A on your previous activity statements for the FBT year.

FBT instalment for this quarter is the amount you have recorded at 6A on this activity statement.

Any previous credits claimed are the sum of the amounts you have recorded at 6B on your previous activity statements for the FBT year.

Estimated total FBT payable is the amount you recorded at F2.

Relevant fractions are: .25 for the quarter ended 30 June
.5 for the quarter ended 30 September
.75 for the quarter ended 31 December
1 for the quarter ended 31 March.

NOTE

If you do not have records of these amounts, please contact the ATO on **13 24 78**.

EXAMPLE *working out an FBT instalment credit*

ABC Pty Ltd has a notional tax amount of $40 000. The FBT instalment amount payable in both the first and second quarters is $10 000, that is, a total of $20 000.

In the third quarter, several executives resign and ABC Pty Ltd estimates that its FBT liability for this year will be reduced to $16 000. This amount is recorded at F2.

ABC Pty Ltd's FBT instalment for this quarter will be zero, that is, ($16 000 × .75) – $20 000, because Step 2 under F3 gives a negative amount. This amount is recorded at F3 and also at 6A.

ABC Pty Ltd will have an instalment credit of $8000, that is, ($20 000 + $0) – ($16 000 × .75). This amount, worked out as explained in Step 1 of 6B, is recorded at 6B.

STEP 2

Write your FBT instalment credit at 6B.

Check that you have:

- transferred the amount pre-printed at F1 to 6A if you are not varying your FBT instalment amount
- written your varied instalment at F3 and 6A if you are varying your FBT instalment amount
- explained your reason for varying your FBT instalment amount at F4 and
- claimed your credit at 6B if you have previously paid excess instalment credits.

More information on FBT is contained in the following publications, which are available from the ATO. Contact details are on page 138.

Fringe benefits tax – A guide for employers 1999
Your guide to changes to fringe benefits tax reporting arrangements
FBT car fringe benefits – Guide and workbook

Changes to fringe benefits tax reporting arrangements –
Facts for employees
Impacts on income tests for employees
Information for public benevolent institutions

Working out your amount payable or refundable

Quarterly activity statement

8A	Add	2A + 4 + 5A + 6A + 7
8B	Add	2B + 5B + 6B
9		8A minus 8B (Net amount for this statement)

Monthly activity statement

8A	Add	2A + 4
9		8A minus 2B (Net amount for this statement)

Working out your amount payable or refundable

You now need to work out how much you owe the ATO or how much the ATO owes you for the current reporting period.

Go to the front of your activity statement

Quarterly activity statement

8A	**Add 2A + 4 + 5A + 6A + 7**

Add the amounts at 2A 4 5A 6A and 7. This is the amount you owe the ATO for the current reporting period.

8B	**Add 2B + 5B + 6B**

Add the amounts at 2B 5B and 6B. This is the amount the ATO owes you.

9	**8A minus 8B (Net amount for this statement)**

Subtract 8B (the amount the ATO owes you) from 8A (the amount you owe the ATO).

Monthly activity statement

8A	**Add 2A + 4**

Add the amounts at 2A and 4. This is the amount you owe the ATO for the current reporting period.

9	**8A minus 2B (Net amount for this statement)**

Subtract 2B (the amount the ATO owes you) from 8A (the amount you owe the ATO).

If the result at 9 on your monthly or quarterly activity statement is a positive amount, this is the amount you must pay the ATO by the date shown at A6 in the top right-hand corner of the front of your activity statement.

If the result at 9 is a negative amount, this is the amount the ATO owes you. The ATO will credit this amount to your nominated financial institution account within 14 days of your correctly completed activity statement being lodged if you do not have any other outstanding tax debts or activity statements.

STOP

If the amount at 9 is a negative amount, do not write a minus sign (–) on your activity statement.

NOTE

Make sure that the ATO has your correct financial institution account details so you receive any money owing to you.

Contact the ATO on **13 24 78** if you need to change your financial institution account details.

Time taken to complete your activity statement

Please estimate the time (in hours and minutes) you took to complete your activity statement. Include the time actually spent:

- reading the instructions, working on the questions and obtaining the information, and
- by all employees in collecting and providing the information.

Signing your activity statement

Once you have completed your activity statement and you are satisfied that all of the information provided is true and correct, it must be signed and dated.

If you or your agent lodge your activity statement with the ATO in a paper form, you must sign the declaration stating that the information is true and correct. If you are lodging your activity statement electronically, the declaration must contain your electronic signature.

If your activity statement is being lodged electronically by an agent, the agent will need to sign the declaration on the activity statement using their electronic signature. An agent must declare that:

- the activity statement was prepared in accordance with the information supplied by the entity
- the agent has received a declaration made by the entity that the information provided to the agent to prepare the activity statement is true and correct, and
- the agent is authorised by the entity to give the activity statement to the Commissioner of Taxation.

Where your activity statement is lodged by your agent, you must prepare a signed declaration stating that:

- you authorise the agent to give your activity statement to the Commissioner, and
- the information you provided to the agent to prepare the activity statement is true and correct.

This declaration must be made for each activity statement and can be in a paper form or an electronic document. That is a matter for you and your agent. You must retain the declaration, or a copy of it, for five years.

The declaration on the activity statement must be signed by one of the following people or a person authorised by them:

- the individual in business
- a partner of the partnership
- a director of the company
- a public officer of the company
- a trustee of the trust, or
- an office holder of the association.

Returning your activity statement

If you are lodging and/or paying by mail, please use the pre-addressed envelope provided, or mail to the address shown on your activity statement.

Your correctly completed activity statement and/or payment must reach the ATO on or before the date shown in the top right-hand corner of the front of your activity statement. Please make sure you allow enough time for your completed activity statement and/or payment to reach the ATO by the due date.

If you are having difficulty in lodging and/or paying on or before the due date, contact the ATO on **13 28 66**.

> ✻ NOTE
> If you are a large withholder or have a GST turnover threshold of $20 million or more, you must pay all your tax debts electronically. Penalties apply if you do not do so.

Your options for paying any amounts you owe the ATO are outlined below. Please remember that if the due date falls on a weekend or a public holiday, your payment must reach the ATO by the last working day *before* the due date.

1. Direct credit payments

Direct credit is the process of electronically transferring funds to the ATO's bank account. To make a direct credit payment you will need a desktop computer banking software package. Most packages transfer funds via the banking industry's Direct Entry System. Your financial institution can advise you on what package best suits your requirements.

> ✻ NOTE
> Direct credit payments are not the same as credit card payments. The ATO does not accept credit card payments.

Apart from the amount of the payment and any other information your financial institution asks you to record, you must include the following data in your Direct Entry System transaction.

(a) ATO bank account details

All direct credit transactions must be paid into the following ATO account and must contain the following ATO bank account details.

Bank:	Reserve Bank of Australia
BSB number:	093 003
Account number:	316 385
Account name:	ATO EFT Deposits Trust Account

> ✻ NOTE
> You do not need to send your payment advice form to the ATO after making a direct credit payment or advise the ATO by fax that you have made a direct credit payment.

(b) Your EFT code supplied by the ATO

To ensure your payment is correctly recorded on your ATO account, you must record your EFT code in the 18-character Direct Entry System Lodgment Reference Field.

Your EFT code is the string of numbers located immediately above the barcode on your payment advice form or provided in the internet-based electronic commerce system. From October 2000 your EFT code will also be provided through the Electronic Lodgment Service if your tax agent or accountant receives your activity statement by this means. In some instances the ATO may have notified you of your EFT code separately. You must key the EFT code accurately, without any spaces, as the ATO uses it to identify your account and the type of payment you are making.

For more information about direct credit payments, call **1800 815 886** or email **acmshelpdesk@ato.gov.au**

2. Direct debit payments

Direct debit provides the option to have your tax liability electronically debited from your nominated financial institution account (savings or cheque accounts only).

If you wish to pay by direct debit, you must do so through a tax agent or accountant authorised to use the Electronic Lodgment Service. To use this service you must first provide a Direct Debit Request to the ATO. You can obtain a Direct Debit Request from your tax agent's Electronic Lodgment Service software or from the Direct Debit Section (see address below). The completed Direct Debit Request must be returned at least five working days before the first direct debit is due. Once the ATO processes your Direct Debit Request, details of recurring tax liabilities must be provided to the ATO by your agent or accountant no later than three working days before the due date.

Forward the Direct Debit Request to:

Direct Debit Section
Australian Taxation Office
PO Box 665
Moonee Ponds Victoria 3039

For more information about direct debit payments, phone **1800 802 308** or email **eft-information@ato.gov.au**

3. BPAY Biller Code 75556

You can pay your tax liability by telephone or the internet through BPAY. Contact your financial institution to make a payment from your nominated account (savings or cheque accounts only). Please key **Biller Code 75556** and your EFT code as the customer reference number.

Your EFT code is the string of numbers located immediately above the barcode on your payment advice form or provided in the internet-based electronic commerce system. From October 2000 your EFT code will also be provided through the Electronic Lodgment Service if your tax agent or accountant receives your activity statement by this means. In some instances the ATO may have notified you of your EFT code separately.

You will receive a receipt number for any payment made by BPAY.

For more information about BPAY payments, phone **1800 815 886** or email **acmshelpdesk@ato.gov.au**

> NOTE
> To avoid penalties when paying by mail, please allow sufficient time for your payment to reach the ATO on or before the due date.

4. Mail payments

To pay by mail, place your payment advice form and cheque or money order in the pre-addressed envelope provided by the ATO. Include your completed activity statement unless lodging electronically or through your agent. If you don't have the envelope provided by the ATO, post it to the address on the payment advice form.

- Please do not use pins, staples, paper clips or adhesive tape.
- Please do not send cash.
- Cheques and money orders should be made payable to the 'Deputy Commissioner of Taxation' and crossed 'Not negotiable'.
- Cheques should be tendered in Australian currency and must not be post-dated.

If you require a receipt, please use BPAY or, alternatively, pay in person at an Australia Post outlet.

The ATO does not accept credit card payments.

For more information about making mail payments, call **1800 815 886** or email **acmshelpdesk@ato.gov.au**

5. Post office payments

If you have a personalised pre-printed payment advice form with a barcode, you can pay in person at any Australia Post outlet. Photocopies of payment advice forms are not accepted because of the account keeping problems that can result if the wrong advice is copied. You will receive a receipt for any payment made in person at a post office.

Cash and cheque payments

Payments can be made in cash or by cheque. There is a $3000 limit applying to cash payments.

Cheques should be made payable to the 'Deputy Commissioner of Taxation' and crossed 'Not negotiable'.

EFTPOS payments

EFTPOS is available at most Australia Post outlets, however, payments can only be made using your savings or cheque account. The amount of the payment is also limited to the daily cash withdrawal amount permitted through your bank's ATM.

The ATO does not accept credit card payments.

> NOTE
> If you wish to make a voluntary or early payment to offset a future liability, you can do so by direct credit or BPAY using your EFT code.

Additional or replacement payment advice forms

You can order a book of personalised payment advice forms by contacting the ATO on **13 24 78**.

If you need more information about how to fill in your activity statement:

Phone

13 24 78 – for general information

1300 139 373 – for technical help with using the ATO's electronic commerce system

13 28 66 – if you are having difficulty lodging or paying by the due date, or to obtain an *Application for Refund of Sales Tax*

1800 802 308 – for information about direct debit payments

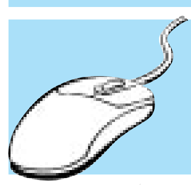
1800 815 886 – for information about direct credit, BPAY and mail payments, and about your EFT code

13 28 70 – to contact the Problem Resolution Service Complaints Hotline

1300 362 072 – to contact the Commonwealth Ombudsman's National Complaints Line

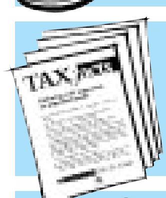
13 14 50 (Translating and Interpreting Service – TIS) – for taxpayers who do not speak English and need help from the ATO

1300 130 478 (Telephone Typewriter Service – TTY) – if you have a hearing or speech impairment



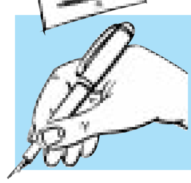
Download information

from our website at **www.taxreform.ato.gov.au**



Obtain *A Fax From Tax* on

13 28 60



Write to us at

PO Box 9935 in your capital city

GST terms

Some of the GST terms you need to know for these instructions are listed below. Some other terms are listed on page 142.

Acquisition

Acquisition is a very broad term. It includes the things you buy (goods and services) for your business or enterprise. It also includes many other transactions, such as when you obtain advice or information, take out a lease of business premises or hire business equipment. (See page 45 for a full definition.)

Adjustment

An adjustment is a change you may need to make on your activity statement to increase or decrease your net GST amount payable or refundable for a tax period. The change may be needed to:

- increase or decrease the GST payable on supplies you have made because something has happened so that the amount of GST payable by you included on a previous activity statement is no longer correct, or
- increase or decrease the input tax credits for your acquisitions because something has happened so that the amount of input tax credit you claimed on a previous activity statement is no longer correct.

Adjustment note

An adjustment note is generally issued by a supplier. It gives details of changes to consideration for a supply. You will need to obtain an adjustment note from the supplier before you can make an adjustment to claim additional input tax credits for an acquisition for which you have been required to pay more.

Associates

Associates include people and activities closely associated with you, such as relatives, or closely connected companies or trusts. A partner in a partnership is an associate of the partnership.

Australian Business Number

Your Australian Business Number is a new identifier for your dealings with the ATO and for future dealings with other government departments and agencies.

Business Activity Statement

A Business Activity Statement is the form you use to account for GST and some other obligations. An activity statement must be lodged with the ATO for each tax period.

List of definitions

Consideration

Consideration for GST purposes has a wide meaning. Any payment (in money or anything) made in return for a supply is consideration. Consideration includes doing something or not doing something in response to a supply, or to get someone to make a supply.

Creditable acquisitions

Creditable acquisitions are acquisitions made for a creditable purpose. You acquire things for a creditable purpose if you acquire them for use in your business (unless they are for use in making input taxed supplies). Things acquired solely for private use are not creditable acquisitions.

Enterprise

For GST purposes, an enterprise includes a business. It also includes 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

For GST purposes, an entity means an individual, a body corporate, a corporation sole, a body politic, a partnership, an unincorporated association or body of persons, a trust or a superannuation fund.

GST-*free* supplies

You do not charge GST on GST-*free* supplies, but you are entitled to input tax credits for the GST included in the price you paid for the things you acquired to use in your business.

Input taxed supplies

You do not charge GST on input taxed supplies, but neither are you entitled to input tax credits for the GST included in the price you paid for the things you acquired to make the supplies.

Input tax credit

You are entitled to an input tax credit for the GST included in the price you pay for an acquisition or the GST paid on an importation if it is for use in your business, but not to the extent that you use the acquisition or importation to make input taxed supplies. You will need to have a tax invoice to claim an input tax credit (except for purchases with a GST-exclusive value of $50 or less).

Net amount

The net amount payable or refundable is one of the amounts included on your activity statement. At the end of each tax period you work out the total GST payable and the total input tax credits that belong to the tax period. You offset your total input tax credits against the total GST payable. You may need to make some adjustment to this total amount to work out your net amount payable or refundable for the tax period.

Parent entity

If an entity decides to register a branch for GST reporting purposes, the entity will be called the parent entity.

Supply

Supply is a very broad term. It includes the goods and services you sell in your business. It also includes many other transactions such as when you provide advice or information, lease out commercial premises or provide hire equipment. (See page 31 for a full definition.) Not all supplies are taxable supplies.

Taxable importations

GST is payable on goods imported into Australia unless the goods are duty-free under customs law or would have been GST-*free* or input taxed if they had been supplies. GST is payable on taxable importations regardless of whether you are registered or required to be registered for GST purposes.

Taxable supplies

The term is widely defined to include most supplies (goods, services and anything else) you make. A supply is not a taxable supply if it is GST-*free* or input taxed.

Tax invoice

A tax invoice is 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 show other information, including the Australian Business Number of the supplier. See pages 7–10 for the information required to be shown on tax invoices. You must have a tax invoice before you can claim an input tax credit on your activity statement (except for small amounts). If you do not have a tax invoice you should delay making a claim until you have one.

Tax period

A tax period is the length of time for accounting for GST on your activity statement. It may be quarterly or monthly. Quarterly tax periods are periods of three months ending on 30 September, 31 December, 31 March and 30 June. Monthly tax periods end on the last day of each calendar month. An activity statement must be lodged for each tax period.

Other terms

Here are some other terms you may need to know.

Application to own use

For wine equalisation tax purposes, application to own use includes:

- consuming wine
- giving wine away, for example, a winery supplying free tasting of its wine or a promotional give-away, and
- transferring property in wine under a contract that is not a contract for the sale of wine.

Assessable dealing

For wine equalisation tax purposes, an assessable dealing is an act, operation or transaction with wine that is taxable under wine equalisation tax.

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THE NEW TAX SYSTEM Make it your business

Australian Taxation Office

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