

Goods and Services Tax (And Other Financial Burdens)

Discussing Our Way Through Taxation

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Session Chair: Peter Hyde

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GST Advice

GST is payable on 'taxable supplies'. There are five requirements for there to be a taxable supply:

1. There must be supply;
2. The supply must be made for consideration;
3. The supply must be made in carrying on an enterprise;
4. The supply must be connected with Australia;
5. The supplier must be registered or required to be registered for GST purposes.

Supply

A supply is any form of supply and includes:

- 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;
- Entry into or release from an obligation to do anything, to refrain from an act or to tolerate an act or situation.

Consideration

Consideration will be one of the following:

- Payment of money;
- An act (supply me with an asset and I will paint your house);
- Includes forbearance (give me an asset and I will not commence legal proceedings against you for breach of contract).

All of the above can be voluntary or involuntary; it is still consideration.

Enterprise

As long as the enterprise includes an activity or series of activities done ‘in the form of’ a business or ‘in the form of’ an adventure or concern in the nature of trade. The term ‘in the form of’ is important as this makes sure businesslike activities, even if they are regarded as ‘not for profit’, will be included as an enterprise. All tramway museums within Australia will therefore be included. But of course, if the total turnover is less than \$100,000 per annum it is not mandatory to register for GST.

Do You Register for GST?

- All museums in Australia should register for an ABN;
- Whether you register for GST or not will depend on many things, but the most important consideration will be expenses incurred from outside contractors who will be charging GST on their invoices;
- Each museum will need to do their own checks on income and expenses to see if there is an advantage to register for GST.

Advantages

- Any excess GST paid to suppliers over the amount received from customers will be refunded by the Australian Government to the museum;
- The financial records of the museum must be kept up-to-date.

Disadvantages

- Must complete a quarterly Business Activity Statement;
- Will therefore increase the workload of the Treasurer.

XYZ Tram Museum Incorporated
Income & Expenditure Account for Year Ended 30th June, 2001

	Not Registered	Registered	GST
Income			
Members' subscriptions	2200	2000	200
Donations received – general	60	60	-
– museum	9000	9000	-
Sales of souvenirs	3300	3000	300
Fares	18700	17000	1700
Advertising	660	600	60
Government grants received	2000	2000	-
Interest received	750	750	-
	36670	34410	2260
Less Expenditures			
Advertising	1100	1000	100
Bank charges & duties	250	250	-
Depreciation	6800	6800	-
Electricity	1540	1400	140
General expenses	660	600	60
Insurance	3300	3000	300
Motor vehicle expenses	110	100	10
Printing and stationery	715	650	65
Purchase of souvenirs	2860	2600	260
Repairs and maintenance	13200	12000	1200
Subscriptions	407	370	37
Telephone and postage	2266	2060	206
	33208	30830	2378
Surplus for Year	\$3462	\$3580	(\$118)