

GST Guide for the Catholic Church

Book 2

Australia

Acknowledgment



Australian Catholic
Bishops Conference



Australian Conference of
Leaders of Religious Institutes

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DISCLAIMER

Important information concerning this material - please read

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INTRODUCTION

General Issues

For a considerable period, the Catholic Church and Religious Orders in Australia have been largely exempted from taxes in lieu of the not-for-profit service they have provided to society. Whilst this principle of exemption from taxation has been maintained in The New Tax System to operate from 1 July 2000, the Catholic Church, Religious Orders and their various operating entities will be drawn into the taxation system for the first time through a process of registration and endorsement of their individual taxation status.

The centerpiece of The New Tax System is a goods and services tax (GST) that will apply to a wide range of goods and services. Not all goods and services will be subject to GST. However, there are no exemptions available to individuals or other entities (religious, charitable, not-for-profit or commercial). Given these features of The New Tax System, all aspects of the operations of entities of the Catholic Church and Religious Orders may be subject to the provisions of the GST.

Depending on decisions made by individual entities of the Catholic Church and Religious Orders regarding registration connected with The New Tax System, many entities will take on particular periodic reporting responsibilities to the Australian Taxation Office (ATO) for the first time.

This consequence of The New Tax System means that entities within the Catholic Church and Religious Orders will face a number of challenges. These include the following:

- (1) The assimilation of new concepts associated with the manner in which the detail of their operations are described.
- (2) The cash flows of individual entities will be impacted by the GST and the removal of Wholesale Sales Tax.
- (3) Individual entities will need to arrange their affairs to accurately record the collection and payment of the GST to facilitate the completion of periodic reporting to the ATO.
- (4) Individual entities will need to become aware of the specific requirement of the legislation as regards GST invoices and other matters such as withholding of tax which will have an important bearing on periodic reporting to the ATO. In this context, entities will need to pay particular attention to the training of staff and the upgrading of record keeping systems.
- (5) Individual entities may need to upgrade the responsiveness of their reporting systems so that periodic reporting to the ATO is timely, accurate and capable of passing audit by the ATO. In the past, financial reporting in a commercially orientated time-frame was often a matter of relatively low priority.

Against the background of these challenges, this reference resource has been prepared. The resource concentrates on those issues connected with The New Tax System that are of particular concern to entities connected with the Catholic Church and Religious Orders.

It is important to note that by virtue of the structure of the Church in Australia, and the fact that the existing structure has developed over a long period without contact with the taxation system, it will be impossible for every situation connected with The New Tax System and the Church to be canvassed.

Individual entities are encouraged to develop appropriate working relationships with Diocesan or Religious Order Co-ordinators in developing management techniques to adapt to the new operating environment precipitated by the legislative requirement of The New Tax System.



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1. Objective of the Material

This material will address the systems, record keeping and documentation required for the efficient and effective implementation of GST in Catholic Church entities across Australia. It particularly aims to provide a familiarity with:

- ▲ The GST treatment of different supplies;
- ▲ The different forms of invoices;
- ▲ Discriminating between tax invoices and non-tax invoices;
- ▲ Treatment of special transactions;
- ▲ Basic GST business record keeping on a cash basis; and
- ▲ Basic calculations of GST for the BAS.

This is achieved through examples. For the S(Supply), F(Fundraising) and PR(Payments-Receipts) examples you need to work through each of the examples to identify:

- ▲ The GST treatment of the transactions;
- ▲ The documentation required to be issued or received as a result of the transactions;
- ▲ The accounting of each transaction in a cash book; and
- ▲ The treatment of the transactions in the BAS.

For the M(Mail) examples, the copies of invoices, you need to work through each of the examples to identify:

- ▲ If an invoice is a complying Tax Invoice;
- ▲ The accounting of each transaction in a cash book; and
- ▲ The treatment of each transaction in a BAS.

The answers are provided. However, please attempt the question before looking at the answers. When working through each example assume that your organisation is a Charity registered for GST. If your organisation is an entity unregistered for GST you will not charge GST on any supplies, whether taxable or not, and you cannot claim input tax credits for the GST paid as part of the purchase price of acquisitions.

2.1. Taxable Supplies

BAS	INCOME - INPUT TAXED SUPPLIES	BAS CLASSIFICATION			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
		TAXABLE	INPUT TAXED	GST-FREE		
G1 & G6	RENTAL INCOME - COMMERCIAL Rent Received from Business Rent Received from School	Yes Yes			Tax Invoice must be issued Tax Invoice must be issued	Record in cash books "GST Payable" 1/11th of receipts
G1 & G6	COMMISSIONS & FEES Catholic Church Insurance Other Organisation	Yes Yes			Tax Invoice must be supplied Tax Invoice must be supplied	Record in cash books "GST Payable" 1/11th of receipts
G1 & G6	SALE OF BOOKS & ARTICLES	Yes			1/11th of receipts GST payable	Record in cash books "GST Payable" 1/11th of receipts
G1 & G6	ADVERTISING IN PARISH BULLETIN	Yes			Tax Invoice must be issued	Record in cash books "GST Payable" 1/11th of receipts
G1 & G6	FUNDRAISING CONDUCTED BY THE PARISH * Dinner/dance in Parish Hall Raffles conducted by the parish (see note) Sponsorships * Piety Stall/Auctions (New goods sold)	Yes Yes Yes Yes			1/11th of receipts GST payable 1/11th of receipts GST payable 1/11th of receipts GST payable 1/11th of receipts GST payable	NOTE - Raffles and other forms of gambling will be taxable if it contravenes state law. GST = 1/11th of (total collected less cash prizes)
G1 & G6	GOODS SUPPLIED BY PARISH Flowers supplied and charged to service Cemetery plots sold to parishioners	Yes Yes			1/11th of receipts GST payable Tax Invoice Issued Tax Invoice Issued	Record in cash books "GST Payable" 1/11th of receipts
G1 & G6	CAPITAL RECEIPTS Capital grants Sale of Assets (Motor Vehicles) Sale of Property (Land & Building) - excludes the sale of residential property owned by parish	Yes Yes Yes			1/11th of receipts GST payable 1/11th of receipts GST payable 1/11th of receipts GST payable Tax Invoice must be issued	Tax Invoice must be issued Record in cash books "GST Payable" 1/11th of receipts
G1 & G6	DIOCESAN SUBSIDY FOR A SPECIFIC PURPOSE	Yes			Tax Invoice must be issued	Record in cash books "GST Payable" 1/11th of receipts

*Due to changes in legislation at time of print, seek advice from your Diocesan or Religious Order Coordinator on how to address fundraising income and expenditure.

2.2. GST-free Supplies

BAS	INCOME - INPUT TAXED SUPPLIES	BAS CLASSIFICATION			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
		TAXABLE	INPUT TAXED	GST-FREE		
N/A	SECOND COLLECTION Planned Giving Envelopes - Parish				DONATIONS - not a supply for consideration	Not shown in BAS
N/A	SECOND COLLECTION School Building Fund Catholic Charities Fund				DONATIONS - not a supply for consideration Receipt includes - Name of Building Fund (DGR) - DGR Number	Not shown in BAS
N/A N/A N/A	LOOSE COLLECTION SHRINES/CANDLES - CHURCH DONATIONS - GENERAL/SPECIFIC PURPOSES				DONATIONS - not a supply for consideration DONATIONS - not a supply for consideration DONATIONS - not a supply for consideration if in the nature of a gift	Not shown in BAS Not shown in BAS Not shown in BAS
N/A N/A N/A	DONATIONS - FROM NON-PROFIT SUB-ENITIES DIOCESAN COLLECTIONS BEQUESTS/LEGACIES				DONATIONS - not a supply for consideration DONATIONS - not a supply for consideration DONATIONS - not a supply for consideration	Not shown in BAS Not shown in BAS Not shown in BAS
G1 & G3	RELIGIOUS CEREMONIES Wedding Fee for Church and Priest Funeral Fee for Service by Priest Baptisms, Communion, Confirmations			Yes Yes Yes	None Tax Invoice issued to Funeral Co. None	The fee charged is for the conduct of the religious service by the priest and does not include the supply of goods.
N/A	DIOCESAN SUBSIDY				DONATIONS - not a supply for consideration	The purpose of the subsidy is for general purposes and is unconditional
G1 & G3	RENTAL INCOME - RESIDENTIAL Rent received from Individuals (the rent is charged at less than 75% of the market rent or less than 75% of the cost of providing the accommodation)			Yes	None	No GST is charged on the rent received
G1 & G3	RAFFLES AND BINGOS			Yes	Licence Held to conduct raffle	GST-free if is does not contravene State Gaming Laws. Otherwise taxable
G1 & G3	PIETY STALL Goods donated second hand			Yes		Where goods retain their original character.
G1 & G3	Goods Purchased and sold			Yes	GST-free where sold less than 75% of cost or 50% of market price. Otherwise taxable	
G1 & G3	Sale of Newsletters , magazines and journals			Yes	Not Commerical sales	

2.3. Input Taxed Supplies

BAS	INCOME - INPUT TAXED SUPPLIES	BAS CLASSIFICATION			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
		TAXABLE	INPUT TAXED	GST-FREE		
G1 & G4	RENTAL INCOME - RESIDENTIAL Rent Received from Individuals (the rent charged is at market rates)		Yes		None	No GST is charged on rent received Cannot claim input tax credits on creditable acquisitions
G1 & G4	INTEREST *From Catholic Development Fund From External Banks		Yes Yes		None None	Included in BAS
G1 & G4	CANTEEN/TUCKSHOPS		Yes		None	No GST Payable to ATO
* Contact your local CDF Manager						

3.1. Salaries, Premises & Equipment Costs

BAS	EXPENDITURE	TYPES OF ACTIVITY - GST IMPACT			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
		TAXABLE	INPUT TAXED	NOT GST RELATED		
W1 W1 G11 & G17 G11 & G17	SALARIES COSTS Salaries Salaries on costs (LSL, AL) Workers Compensation Stipend Payments (Religious/Order).	Yes Yes		Yes Yes	No Invoice No Invoice Tax Invoice from CCI Tax Invoice from Religious Congregation	Shown separately on BAS Shown separately on BAS Record in cash book "GST Receivable" 1/11th of cost of supply
G11 & G17 G11 & G17 G11 & G17 G11 & G14	PREMISES AND EQUIPMENT COSTS Property Outgoings - Parish & Presbytery Repairs & Maintenance Cleaning Electricity Rates & Taxes & Levy	Yes Yes Yes		Yes	Tax Invoice from Supplier Tax Invoice from Supplier Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service Shown as Acquisitions with no GST in price on the BAS
G11 & G17	Property Outgoings - Commercial Premises Repairs & Maintenance	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G13 G11 & G13 G11 & G13	Property Outgoings - Residential Premises (the rent charged is at market rates) Repairs & Maintenance Electricity Insurance premium		Yes Yes Yes		GST is not claimed back from ATO Record as cost to Parish	Shown as Acquisitions for making Input tax supplies on the BAS
G11 & G14 G11 & G14 G11 & G14	Property Outgoings - Residential Premises (the rent charged is at less than 75% of the market rent or less than 75% of the cost of providing the accommodation) Repairs & Maintenance Electricity Insurance			Yes Yes Yes	Tax Invoice from Suppliers Tax Invoice from Suppliers Tax Invoice from CCI	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Property Outgoings - Presbytery House	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Rent paid for premises (non residential)	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply used by Parish
G10 & G17 G10 & G11	Equipment Purchases - by Parish > \$300 Furniture & Fittings Office & Computer Equipment	Yes Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply used by Parish
G11 & G17	Equipment Purchases - by Parish < \$300	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply used by Parish
G11 & G17	Insurance Premium Premises - Parish, Presbytery, Commercial	Yes			Tax Invoice from CCI	Record in cash book "GST Receivable" Record as cost to Parish

3.2. Donations & Other Operating Costs

BAS	EXPENDITURE	TYPES OF ACTIVITY - GST IMPACT			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
		TAXABLE	INPUT TAXED	NOT GST RELATED		
N/A	DONATIONS Donations by Parish General Donations School Building Fund			Donation Donation	No Invoice No Invoice	Not shown on BAS Not shown on BAS
G11 & G17	OTHER OPERATING COSTS Communications Telephone /Fax Post Freight/Courier Internet/E-Mail	Yes Yes Yes Yes			Tax Invoice from Supplier Post office will absorb GST Tax Invoice from Supplier Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Printing & Stationery Stationery Supplies Printing Costs Books & Articles (for sale & use)	Yes Yes Yes			Tax Invoice from Supplier Tax Invoice from Supplier Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Religious Workshop & Supplies Inc Leadership Books	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
N/A	Diocesan Contribution Tax for Diocesan Services			Yes	No Consideration	Contributions are made for general purposes for use by the Diocese or Priest Fund - Not shown on BAS Record in cash book "GST Receivable"
N/A	Co- Responsibility			Yes	No Consideration	
N/A	Contribution to Priest Fund			Yes	No Consideration	
G11 & G17	Specific Contribution to Priest Fund	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable"
G11 & G17	Planned Giving Expenses Program & Stationery Costs	Yes			Tax Invoice from Supplier	1/11th of cost of supply and service Record in cash book "GST Receivable"
G11 & G17	Insurance Premium Motor Vehicle Insurance	Yes			Tax Invoice required, must inform CCI	Record in cash book "GST Receivable"
G11 & G17	Contents - Insurance	Yes			the extent to which input tax credits are claimed for GST when policy is renewed.	1/11th of cost of supply and service
G11 & G13	MV Third Party Property Insurance (State)		Yes		Cannot claim until 01/01/2003	Cost to parish

3.3. Other Operating Costs

BAS	EXPENDITURE	TYPES OF ACTIVITY - GST IMPACT			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
		TAXABLE	INPUT TAXED	NOT GST RELATED		
G11 & G17	OTHER OPERATING COSTS Functions/Fund Raising by Parish* Hire of hall Food Supplies (Not Fresh Food)	Yes Yes			Tax Invoice from Supplier Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Advertising paid in Catholic Newspapers	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G14	Bank Charges		Yes		None	Shown as Acquisitions with no GST in price on the BAS
G11 & G14	Interest Expenses on Loans & Cheque A/cs		Yes		None	Shown as Acquisitions with no GST in price on the BAS
G11 & G17	Travelling Expenses Petrol, Registration of MV Air Travel & Accommodation Registration of Motor Vehicle	Yes Yes Yes			Tax Invoice from Supplier Tax Invoice from Supplier Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Equipment Maintenance Photocopy Charges Motor Vehicle Repairs	Yes Yes			Tax Invoice from Supplier Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Subscriptions	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Lease Payments for Equipment	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Parish Sundry Goods	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G17	Accounting Fees	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G11 & G15	Entertainment Expenses			Yes	Entertainment Expenses that are not a deduction for Income Tax Purposes Private Expenditure	Non-income tax deductible acquisitions Cannot claim input tax back from ATO Cost to Parish

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3.4. Capital Expenditure

BAS	EXPENDITURE	TYPES OF ACTIVITY - GST IMPACT			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
		TAXABLE	INPUT TAXED	NOT GST RELATED		
G10	Motor Vehicle Purchased	Yes			Tax Invoice from Supplier	GST not claimed until 2001 50%, 2002 100% of GST
G10 & G17	Major Renovations to Building	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service
G10 & G14	Loan Repayments - Principal		Yes			Not Subject to GST
G10 & G17	Property Purchases (other than not new residential)	Yes			Tax Invoice from Supplier	Record in cash book "GST Receivable" 1/11th of cost of supply and service

Please note that in the BAS Capital purchases of assets are shown as Capital acquisitions

3.5. Non-Profit Sub-Entities

INCOME NON-PROFIT SUB-ENTITIES	TYPES OF ACTIVITY - GST IMPACT			DOCUMENTATION AND STATUS OF TRANSACTION	NOTES
	TAXABLE	INPUT TAXED	GST FREE		
<p>NOTE: Where certain activities of a parish are independent then they can choose not to fall under the Registration of the Parish for GST Purposes and will be regarded as "NPSE"</p> <p>(1) The unit turnover is less than \$100,000. (2) The unit operates under a separate committee from the parish and is referred to as a separate entity (3) The unit maintains independent accounting records to identify the NPSE transactions.</p> <p>ASSUME THAT NON-PROFIT SUB-ENTITIES ARE NOT REGISTERED FOR GST PURPOSES</p>					
PIETY STALL Goods Sold at Trading Tables			X		Surplus from Trading can be donated to the parish GST-free
FUNDRAISING/DINNERS Dinner /dance functions Social Functions			X	No GST can be claimed back on goods & services supplied at these functions	Surplus from Trading can be donated to the parish GST-free
GOODS SOLD BY THE PARISH (Now a NPSE). Religious Goods sold (New)			X	No GST can be claimed back on goods purchased	Surplus from sales donated to Parish
<p>REGISTRATION REQUIREMENTS: The parish (the eligible entity) should formalise the creation of NPSE by formal letter outlining the activities that will constitute the NPSE. Where the NPSE has a turnover less than \$100,000 it will not be required to register for GST purposes thus, the revenue raised will not be a taxable supply for GST purposes and GST on inputs will not be allowed. The NPSE should keep independent accounting records from the Parish (the core entity).</p>					

4. Transactions S (Supply)

Transaction S1

Your organisation sells a donated second hand cricket bat that has been signed by all of the 1999 World Cup winning Australian team. It is sold to:

Name: Greg Border
Address: 1 S Street, Heaven, Galaxy
ABN: 22 123 456 789
Amount: \$1,100

Transaction S2

Your organisation is contracted by the State Government to provide welfare services to your community under a contract of services:

Name: Department of Care
Address: 1 S Street Heaven, Galaxy
ABN: 22 123 456 789
Amount: \$44,000

Transaction S3

Jane Smith joins your organisation as a member. The membership fee is \$11. She will receive \$25 worth of services as a member. The services are subsidised by the organisation from other income.

Name: Jane Smith
Address: 1 S Street, Heaven, Galaxy
ABN: N/A
Amount: \$11

Transaction S4

Your organisation receives as a donation a bale of second hand clothing. The clothing is unsuitable for resale so it is all cut into fabric squares. The fabric squares are sold in bulk to a charitable institution registered for GST.

Name: Charity Inc.
Address: 1 S St, Heaven, Galaxy
ABN: 22 123 456 789
Amount: \$550

Transaction S5

The parish priest is asked by the funeral directors to carry out a funeral service in the church for Mr Citizen. The priest receives a payment of \$100 for his services.

Name: Heavenly Directors
Address: 1 S Street, Heaven, Galaxy
ABN: 66 123 456 789
Amount: \$100

Transaction S6

Bill Smith joins your organisation as a member. The membership fee is \$11. John will receive \$12 worth of services as member. The services are subsidised by the organisation from other income.

Name: Bill Smith
Address: 1 S Street, Heaven, Galaxy
ABN: N/A
Amount: \$11

Transaction S7

A box of apples has been donated. The sale value of this box of apples if sold in a retail outlet would be \$65. You sell them after mass to:

Name: Granny Smith
Address: 1 S Street, Heaven, Galaxy
ABN: 55 123 456 789
Amount: \$58.50

Transaction S8

You are contracted by another GST Registered Charity to assist in providing welfare services to your community under a contract of services.

Name: Care Inc
Address: 1 S Street, Heaven, Galaxy
ABN: 22 123 456 789
Amount: \$22,000

Transaction S9

You sell a donated new cricket bat. The sale price of the bat in a sporting goods retail shop would be \$250. The bat is sold to:

Name: Greg Border
Address: 1 S Street, Heaven, Galaxy
ABN: 22 123 456 789
Amount: \$150

Transaction S10

Your organisation holds a wedding service in your church. You buy the flowers for \$22 (including \$2 GST) and have them arranged by a volunteer. Your organisation's choir is asked to sing at the ceremony for which you charge \$110. The couple give you an envelope containing \$220 as payment - \$110 for the choir and \$110 for the wedding service which includes the flowers.

Name: Mary & Joseph
Address: 1 S Street, Heaven, Galaxy
ABN: 22 123 456 789
Amount: \$220

Transaction S11

Your organisation rents out a residential property to a needy family for \$260 a month. The market value of rental in the area is \$650 per month.

Transaction S12

Your organisation owns an office block in the centre of the city. The entire property is rented to the Commonwealth Bank (the bank provides financial services that are input taxed supplies for GST). The rent is \$11,000 per month. The market rent is \$11,000 per month.

Transaction S13

You are a religious congregation. A member of the congregation provides pastoral care in the local hospital. The hospital pays a stipend.

Name: All Saints Hospital
Address: 1 S Street, Heaven, Galaxy
ABN: 22 123 456 789
Amount: \$660

5. Transactions F (Fundraising)

Transaction F1

Your organisation receives \$110 as an unconditional gift to further the purposes of the organisation from:

Name: Imma Gentle
Address: 5 H Road, Heaven, Galaxy
ABN: N/A
Amount: \$110

Transaction F2

Your organisation receives from a local business a \$110 'donation' in the form of a sponsorship. You agree to acknowledge the sponsorship in your monthly newsletter.

Name: Fred's Butchers
Address: 7 B Road, City, State
ABN: 44 432 987 654
Amount: \$110

Transaction F3

Your organisation receives \$550 in damaged electrical goods from the local supermarket. The supermarket does not require you to do anything in return. You hold the goods for sale at your next Trash & Treasure stall.

Name: Hots Pty Ltd
Address: 8 N Street, Heaven, Galaxy
ABN: 23 444 111 777
Amount: \$550

Transaction F4

Your organisation receives \$880 from a local business. It comes on the condition that you request your members to shop with the local business.

Name: Fred's Butchers
Address: 7 B Road, City, State
ABN: 44 432 987 654
Amount: \$880

Transaction F5

Your organisation receives \$770 from the local Bank. The Bank does not want any recognition for its contribution, but does want the address list of your parishioners.

Name: East Bank Ltd
Address: 2 S Street, Heaven, Galaxy
ABN: 67 597 021 742
Amount: \$770

Transaction F6

Your organisation receives \$1,100 in customer returned goods from the local supermarket. The supermarket does not require you to do anything in return. You give the goods away to needy families.

Name: Hots Pty Ltd
Address: 8 N Street, Heaven, Galaxy
ABN: 23 444 111 777
Amount: \$1,100

Transaction F7

Your organisation runs a fundraising raffle - there are cash prizes to the value of \$2,000 donated by a local business in exchange for advertising on each ticket. You sell 10,000 tickets at \$2 each = \$20,000.

Name: Heavenly Pizzas
Address: 5 West Street, Heaven, Galaxy
ABN: 00 600 666 872
Amount: \$2,000

Transaction F8

Your organisation runs a fete. Jayne Dough purchases a cake from the supermarket and donates it to the Cake Stall. The cake is sold for \$3.30, which is the market value.

Transaction F9

Your organisation runs a fete. A new toaster still in the box has been donated for the Trash & Treasure. It is sold for \$11.00.

Transaction F10

Your organisation runs a fete. A stall is run by a religious order who sell the cosmetics they make. The net profit from the stall of \$330 is donated to the fete. The religious order is not registered for GST.

Transaction F11

Your organisation runs a fete. All prizes for the Spinning Wheel are new and are donated. Each number is sold for \$1 each, there are 110 numbers = \$110.

6. Transactions M (Mail - Tax Invoices)

Transaction M1

TAX INVOICE

All Saints Order

4 Cross Road
Melbourne VIC 3000
ABN 12 345 678 910

INVOICE NO: 00100

TO:

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:

01 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
Honorarium for preparation of and talk on "Spirituality Today" on 1.8.00			\$110

TOTAL AMOUNT PAYABLE INCLUDES GST **\$110**

Transaction M2

TAX INVOICE**Missionary Sisters**

20 Family Road
Melbourne VIC 3000
ABN 34 258 369 147

INVOICE NO: 00101

TO:

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:

01 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
Hire of Lecture Theatre			220.00
Accommodation	110.00	30	3,300.00
Catering	55.00	30	1,650.00
TOTAL AMOUNT PAYABLE INCLUDES GST			\$5,170.00

Transaction M3

TAX INVOICE

DIOCESAN ADULT EDUCATION

7 Rens Street
Melbourne VIC 3000
ABN: 68 123 456 789

INVOICE NO: 00105

TO:

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:

04 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
Payment of Adult Education Theology Part I Course for Sr Mary Anne, Pastoral Associate			440.00

TOTAL AMOUNT PAYABLE**\$440.00**

Transaction M4

INVOICE

C. S. Lewis111 Priest Cres.
Melbourne VIC 3000

INVOICE NO: 00104

TO:Four Cross Parish
1 Botony Road
Melbourne VIC 3000**DATE:**

03 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
Consultancy Fee for Development of Council			1,100

TOTAL AMOUNT PAYABLE INCLUDES GST	\$1,100
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NOTE - you have dealt with this supplier before and know he has an ABN and is registered for GST.

Transaction M5

Local Restaurant

1 Wondel Road
Melbourne VIC 3000

TAX INVOICE
INVOICE NO: 00103

TO:
Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:
02 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
Celebratory Dinner for Parish Council:			
Meals	33.00	15	495.00
Wine	22.00	5	110.00
TOTAL AMOUNT PAYABLE			\$605.00

NOTE - when the supplier was asked to quote an ABN they advised they do not have one.

Transaction M6

Religious Life Magazine

INVOICE

77 Joseph Street
Melbourne VIC 3000
ABN 00 987 654 321

INVOICE NO: 00107

TO:

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:

31 January 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
Yearly Subscription - 1.1.2000 to 31.12.2000		1	100.00
GST			5.00

TOTAL AMOUNT PAYABLE INCLUDING GST **\$105.00**

Transaction M7



GPO BOX 1001
Melbourne VIC 3000
ABN 12 345 678 910

TAX INVOICE

INVOICE NO: 00100

TO:

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:

01 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
PAPER SUPPLIES		4	\$400.00
GST			\$40.00

TOTAL PRICE

\$440.00

Transaction M8

TAX INVOICE

AB INSURANCE Pty Ltd

GPO BOX 2002, Melbourne VIC 3002
ABN 99 123 124 125

DATE:

01 August 2000

TO:

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
PROPERTY INSURANCE FOR THE PERIOD 1.9.2000 TO 1.9.2001	\$1,650	1	\$1,650.00

TOTAL AMOUNT PAYABLE**\$1,650.00**

Total Price includes GST

Transaction M9

BEST STATIONERY SUPPLIES

GPO BOX 1001
Melbourne VIC 3001
ABN 55 445 678 910

Tax Invoice**TO:**

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:

01 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
	\$		\$
Laser Paper *	5.50	150	825.00
Spring Water Bottles for church porch	50.00	1	50.00
Toner cartridges*	110.00	2	220.00
Manila folders*	24.75	1	24.75
Coffee (1kg)	20.00	3	60.00
Tea Bags (box 1000)	15.00	2	30.00
Wooden stirers (box 500) *	11.00	2	22.00

TOTAL AMOUNT PAYABLE

\$1,231.75

Total includes GST of

\$99.25

*Indicates taxable supply

Transaction M10

ZED
TRADERS

INVOICE

4 The Avenue
Melbourne VIC 3001

DATE:
01 July 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
Stock - postcards	\$0.10	400	\$40.00
GST			\$4.00
TOTAL PRICE			\$44.00

Transaction M11

Best Cars Pty Limited

2 Limousine Court
Melbourne VIC 3000
ABN 445 678 910

TAX INVOICE

TO:
Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:
01 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
	\$		\$
Ford AU Falcon Sedan	26,400	1	26,400.00
Airconditioning	1,100	1	1,100.00
On road costs	1,540	1	1,540.00

TOTAL AMOUNT PAYABLE INCLUDING GST **\$29,040.00**

Note - Four Cross Parish was sales tax exempt for the purchase of motor vehicles under the Wholesale Sales Tax regime

7. Transactions PR (Payment Receipts)

Transaction PR1

Your organisation buys 200 blankets at a cost of \$88 per blanket (including \$8 GST) from Blanket Suppliers, a registered enterprise. The retail sale price of one of the blankets would be \$110 (including \$10 GST). One of the blankets is sold to a client.

Name: Imma Kold
Address: 9 S Street, Heaven, Galaxy
ABN: 09 123 456 789
Amount: \$55

Transaction PR2

Your organisation purchases a stove for \$55 (including GST of \$5) from a second hand dealer. You then sell it to a family.

Name: Imma Kooking
Address: 2 W Road, City, State
ABN: N/A
Amount: \$44

Transaction PR3

You are contracted by the Local Council to provide a variety of welfare services. One of your sub-entities will be providing the services. Once you receive the grant from the Council you pay it to the sub-entity. The sub-entity has an annual turnover of \$40,000 and has elected not to register for GST.

Name: City Council
Address: 5 J Avenue, Heaven,
Galaxy
ABN: 90 123 456 789
Amount: \$22,000

Transaction PR4

Your organisation buys 100 blankets at a cost of \$110 per blanket (including \$10 GST) from Blanket Suppliers, a registered enterprise. The retail sale value of the blankets is \$181.50. One of the blankets is sold to a client:

Name: Iam Kold
Address: 1 W Road, Heaven, Galaxy
ABN: N/A
Amount: \$80

Transaction PR5

Your organisation purchases 100 votive candles @ 22c each = \$22 (including \$2 GST) from Candles R Us, a registered enterprise. Parishioners pay 30c each to use at Our Lady's Shrine. All 100 candles are sold.

Transaction PR6

Your organisation sells 100 Columban calendars after mass for \$2.20 each = \$220. It has purchased them for \$3 each = \$300, from Columban Missions, a supplier not registered for GST.

Transaction PR7

Your organisation buys 100 'Bible Study Programs' for \$11 each (including \$1 GST) and sells them to parishioners for \$12 each = \$1,200. The market value of the bible study program is \$25.00 each.

Transaction PR8

Your organisation rents out a residential property to a family for \$652.50 a month. The market value of rental in the area is \$750 per month. The cost of providing the property for rent is \$250 per month.

Transaction PR9

Your organisation trades-in their existing photocopier on a new photocopier. The trade-in value of the old copier is \$550, and this amount is offset against the price of the new copier, being \$6,600 (including \$600 GST). Therefore, the amount paid by your organisation is \$6,050.

Transaction PR10

Your organisation receives \$330 from a local Trader, Tennis Aces Pty Ltd Border. As part of the deal you are required to place their logo on the sign outside your organisation's premises. You pay a signwriter \$50 to prepare the sign. The signwriter is not registered for GST.

Name: Tennis Aces Pty Ltd Border
Address: 1 Court Street, Heaven,
Galaxy
ABN: 11 000 349 569
 (The company is not registered for GST)
Amount: \$330

Transaction PR11

Your organisation runs a weekly bingo night with total prizes to the value of \$1,100 which is donated by:

Name: Greg Border
Address: 111 South Cres, Heaven,
Galaxy
ABN: 456 234 890
Amount: \$1,100

\$500 was raised from the sale of bingo tickets.

Transaction PR12

The kindergarten run by your organisation runs a raffle with prizes that have been purchased. The funds raised by the raffle will be used to repair the roof of the building. It raises the \$4,400 required for the repairs. The repairs are performed by:

Name: Saint Repair Services
Address: 3 N Avenue, Heaven,
Galaxy
ABN: 876 410 000
Amount: \$4,400

Transaction PR13

Your organisation makes a grant to an agency to provide welfare services. The agency does not have an ABN and is unregistered for GST.

Name: Service Provider
Address: 11 Street, Heaven, Galaxy
ABN: N/A
Amount: \$20,000

Transaction PR14

Your organisation receives \$110 from Fred's Butchers for Mr Fred to attend your fundraising dinner. The actual cost of the dinner is \$80 to your organisation.

Name: Fred's Butchers
Address: 7 B Road, City, State
ABN: 44 432 987 654
Amount: \$110

Transaction PR15

MMC Office Equipment

22 Hale Court
Melbourne VIC 3000
ABN 23 741 852 963

TAX INVOICE

INVOICE NO: 00106

TO:

Four Cross Parish
1 Botony Road
Melbourne VIC 3000

DATE:

10 August 2000

DESCRIPTION OF SUPPLY	PRICE	QTY	TOTAL
1 Computer + Printer + Fax	3,300	1	3,300
Less Trade-In			1,100

TOTAL AMOUNT PAYABLE INCLUDES GST \$2,200.00

Transaction PR16

Your organisation runs a fete. Lollies purchased for the Lolly Stall cost \$440, from a supplier not registered for GST, and were sold for a total of \$880.

Transaction PR17

Your organisation runs a fete. The Hot Food Stall sold Steak Sandwiches & Hot Dogs

Cost of Steak & Sausages \$220

Cost of Bread & Rolls \$55

Cost of Onions, Tomatoes & Lettuce \$44

Income raised from the stall totalled \$660.

Transaction FPR18

Your organisation runs a fete and Friendly Felicity volunteers to purchase the paints for \$110 (including \$10 GST) for the Face Painting Stall. She then staffs the stall during the day. She charges \$2.20 for each face paint and makes \$198 for the fete. The GST inclusive market value of face painting is \$5.50.

Transaction PR19

Your organisation runs a fete and hires a merry-go-round. Mavis' Marvellous Merry Go Round charge \$440 (including \$40 GST) for the hire of their equipment. They are registered for GST and have provided an ABN and tax invoice. Income from rides is \$880.

Transaction PR20

For September 2000 your organisation pays net salaries of \$600. The PAYE group tax applicable to the salaries is \$85.

(Note - all references are to *A New Tax System (Goods and Services Tax) Act 1999*, unless otherwise stated)

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
S1	Second hand donated goods that retain their original character.	GST-free	Receipt		Nil	Nil
S2	Your organisation is making a taxable supply of welfare services in return for the grant.	Taxable	Tax Invoice		Claim input tax credits for the GST paid on acquisitions made to provide the welfare services.	Tax Invoices from suppliers.
S3	The membership fee is less than 50% of the benefit, therefore is a non-commercial activity.	GST-free	Receipt		Claim input tax credits for the GST paid on acquisitions made to provide the membership services.	Tax Invoices from supplier of goods purchased to provide the services.
S4	Second hand donated clothing that does not retain its original character as it is sold as fabric squares. Registration status of the customer is irrelevant.	Taxable	Tax Invoice		Nil	Nil
S5	The funeral service is a religious activity.	GST-free	Invoice and receipt		Claim input tax credits on acquisitions made to provide the funeral services.	Tax Invoices from suppliers.

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
S6	The membership fee is more than 50% of the value of the benefits received.	Taxable	Tax Invoice		Claim input tax credits for the GST paid on acquisitions made to provide the membership services.	Tax Invoices from suppliers.
S7	Donated new goods sold at 90% of their market value. However, the goods sold are "food" for GST purposes.	GST-free	Receipt		Nil	Nil
S8	Your organisation is making a taxable supply of welfare services in return for the grant.	Taxable	Tax Invoice		Claim input tax credits for the GST paid on acquisitions made to provide the welfare services.	Tax Invoices from suppliers.
S9	Donated new goods sold at 60% of their GST inclusive market value.	Taxable	Tax Invoice		Nil	Nil
S10	There is an amount stated for the choir of \$110. The flowers are not separated from the balance which includes the wedding service: Wedding service & Flowers Choir	GST-free Taxable	Tax Invoice for a mixed supply (both a taxable and a GST-free supply)		Claim input tax credits for the GST paid on the flower purchases and for other acquisitions made in order to supply the wedding ceremony.	Receipt only from florist given the supply is < \$50. Tax Invoices from other suppliers.

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
S11	Rental of residential property at 40% the market rental.	GST-free	Receipt		Can claim input tax credits for the GST paid on acquisitions made to provide the accommodation.	Tax Invoices from suppliers. Can claim input tax credits for the GST paid on acquisitions made to provide the accommodation.
S12	Rent of commercial property. The GST status of the client is irrelevant.	Taxable	Tax Invoice		Claim input tax credits for GST paid on acquisitions made to provide the rental property.	Tax Invoices issued by suppliers.
S13	The member of the Religious Congregation is making a taxable supply of pastoral care in return for the stipend.	Taxable	Tax Invoice		Hospital can claim input tax credits on acquisitions made to provide the service.	Tax invoices from supplier.

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
F1	Key word "Unconditional" - donation.	Nil	Receipt		Nil	Nil
F2	Key words "Sponsorship" & "acknowledgment". The arrangement to provide advertising for the local business would amount to consideration.	Taxable	Tax Invoice		Claim input tax credits for acquisitions made to provide the advertising.	Tax Invoices from suppliers.
F3	Unconditional donation of goods.	Nil	Receipt		Nil	Nil
F4	The provision of advertising for the business would amount to consideration.	Taxable	Tax Invoice		Nil	Nil
F5	Making a supply of the address list.	Taxable	Tax Invoice		Claim input tax credits for GST paid on acquisitions made to upkeep and provide the mailing list.	Tax Invoices from suppliers.
F6	The goods are an unconditional donation.	Nil	Receipt		Nil	Nil
F7	The provision of advertising on each ticket means the cash is not a donation and is sponsorship. The raffle is being run by a Charity.	Taxable GST-free	Tax Invoice Ticket butts		Claim input tax credits for GST paid on acquisitions made to provide the raffle.	Tax Invoices from suppliers.

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
F8	The cake has been donated to the organisation and resold for the GST-inclusive market value. Food does not qualify as a donated second hand good even though it retains its original character.	Taxable	Nil		Nil	Nil
F9	Sale of a donated second hand good that retains its original character.	GST-free	Nil		Nil	Nil
F10	The activity is conducted not by the fete committee but by the Order which is not registered for GST. Donation to the fete committee GST-free.	Nil GST-free	Nil		The Order cannot claim input tax credits for the GST paid on acquisitions related to making and selling the cosmetics. Nil	Nil Nil
F11	The prizes are unconditional donations of goods. The supply of tickets in the Spinning Wheel is a gambling event supplied by a Charity.	Nil GST-free	Nil Nil		Nil Claim input tax credits for the GST paid for acquisitions in relation to the supply of the Spinning Wheel.	Nil Tax Invoices from suppliers.

TRANS#	CONSIDERATIONS	GST TREATMENT
M1	Complying Tax Invoice for payment of taxable service for which a stipend is paid.	Claim input tax credits for the GST paid on the acquisition. Input tax credit is 1/11th of the total amount payable.
M2	Complying Tax Invoice for payment of taxable supplies: <ul style="list-style-type: none"> ▲ Hiring of commercial property; ▲ Commercial accommodation at full market rental; and ▲ Catering provided on the premises. 	Claim input tax credits for the GST paid on the acquisition. Input tax credit is 1/11th of the total amount payable.
M3	Adult faith education is integral to the practice of the religion and is GST-free if supplied by a religious institution.	No GST charged, thus, no input tax credits to be claimed.
M4	This is not a complying Tax Invoice: <ul style="list-style-type: none"> ▲ The words "Tax Invoice" are not included; ▲ The supplier has not quoted an ABN; and You should request a complying tax invoice, which the supplier must provide within 28 days of the request.	Cannot claim input tax credits until a complying Tax Invoice is received from the supplier. Consider the option of not paying the amount due until you receive the Tax Invoice requested. This will depend upon the payment terms you have agreed upon with the supplier. The amount does not need to be entered into your cash book until payment is made. Depending on your relationship with the supplier consider option of withholding 48.5%
M5	Invoice for the payment of a taxable supply. Not a complying Tax Invoice. Given the supplier does not have an ABN you will not get a complying Tax Invoice from them.	Cannot claim input tax credits as purchasing from a supplier who is not registered for GST. Must withhold 48.5% of the total amount payable and report and submit this amount to the ATO on your next BAS.
M6	Complying Tax Invoice for a progressive supply. Transitional rules apply: (1) Supply for 1.1.2000 to 30.6.2000 - GST does not apply. (2) Supply for 1.7.2000 to 31.12.2000 - Taxable supply and GST does apply.	(1) No GST paid for this part of the supply so no input tax credit to be claimed. (2) Claim input tax credits for the GST paid on this part of the supply.

TRANS#	CONSIDERATIONS	GST TREATMENT
M7	Complying Tax Invoice for a taxable supply.	Claim input tax credits for the GST paid on the acquisition.
M8	Complying Tax Invoice. You need to contact your insurer for the extent to which you can claim input tax credits on the premium.	Claim input tax credits for the GST paid on the acquisition to the extent advised by the insurer.
M9	Complying Tax Invoice for a mixed supply of both GST-free and taxable supplies.	Claim input tax credits for the GST paid on the acquisition.
M10	Not a complying Tax Invoice:- <ul style="list-style-type: none"> ▲ The words "Tax Invoice" are not included; ▲ The supplier has not quoted an ABN; ▲ A GST inclusive price has not been indicated; and The name and address of recipient not included. However, total amount is only \$44, so a Tax Invoice is not required.	Claim input tax credits for the GST paid on the acquisition.
M11	Complying Tax Invoice for the capital acquisition of a motor vehicle by an entity that was exempt from sales tax under the wholesale sales tax regime.	Claim input tax credits for the GST paid on the acquisition. Input tax credits is 1/11th of the total amount payable.

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
PR1	New goods sold for 68.75% of the cost of the blankets.	GST-free	Receipt		Claim input tax credits for the GST paid on the purchase of the blankets.	Tax Invoice from the supplier.
PR2	Goods sold for 88% of the cost of the goods.	Taxable	Receipt (taxable supply with a value less than \$50)		Claim input tax credits for the GST paid on the purchase of the stove.	Tax Invoice from the supplier.
PR3	Your organisation is making a taxable supply to the Council in return for the grant. The sub-entity is making a supply of welfare services in return for the grant.	Taxable Nil (the supply is not taxable as the sub-entity is not registered for GST)	Tax Invoice Nil		Cannot claim input tax credits for the grant paid to the sub-entity as no GST paid on the grant to the sub-entity as a result of the sub-entity not being registered for GST.	Receipt
PR4	New goods sold for 44% of their GST inclusive market value.	GST-free	Receipt		Claim input tax credits for the GST paid on the purchase of the blankets.	Tax Invoice from supplier.
PR5	Candles are integral to Religious Services.	GST-free	Nil		Claim input tax credits for the GST paid on the purchase of the candles.	Tax Invoice from supplier.

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
PR6	New purchased goods sold for 73% of the cost of the goods.	GST-free	Receipt		Cannot claim input tax credits as no GST paid on the purchase. (unregistered supplier)	Invoice
PR7	New goods sold for 48% of their GST inclusive market value.	GST-free	Receipt		Claim input tax credits for the GST paid on the purchase of the 'Bible Study Programs'.	Tax Invoice from supplier.
PR8	Rental of residential property at 87% of the market rental.	Input-taxed	Receipt		Cannot claim input tax credits for GST paid on acquisitions made to provide the accommodation.	Invoices from suppliers (may be Tax Invoices but do not need to be).
PR9	You have made a supply of the traded-in photocopier for consideration of \$550. You have acquired the new photocopier for consideration of \$6,600.	Taxable	Tax Invoice for the trade-in.		Claim input tax credits for the GST paid on the acquisition of the new photocopier.	Tax Invoice issued by the supplier for the new photocopier.
PR10	The provision of advertising for the association would amount to consideration. GST status of the company is irrelevant.	Taxable	Tax Invoice		Nil, as the supplier is not registered for GST.	Invoice

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
PR11	Donated prizes - are unconditional. Bingo is being run by a Charity.	Nil GST-free	Receipt Nil		Claim input tax credits for GST paid on acquisitions made to run the Bingo.	
PR12	Raffle is being run by a Charity.	GST-free	Ticket butts		Claim input tax credits for GST paid on acquisitions made to provide the raffle, and the GST paid on the roof repairs.	Tax Invoices from: ▲ Suppliers in relation to the raffle; ▲ and Saint Repair Services.
PR13	The Agency makes a supply of welfare services in return for the grant.	Withhold \$9,700 (48.5%) of the grant. Report and submit to the ATO on next BAS.	Receipt		Nil	Nil
PR14	Mr Fred is getting a dinner for his money.	Taxable	Tax Invoice		Claim input tax credits for GST paid on acquisitions made to provide the dinner.	Tax Invoices from suppliers.
PR15	A taxable supply has been made of the old equipment (trade-in). Liable to pay to the ATO GST on the amount received for the trade-in. The GST payable is 1/11th of the total trade-in price received.	Taxable	Tax Invoice to be raised for the trade-in.		Creditable acquisition has been made for \$3,300. Claim input tax credits for the GST paid on the acquisition. The input tax credit is 1/11th of the total price of the equipment.	Tax Invoice

TRANS#	CONSIDERATIONS	GST STATUS - INCOME	DOCUMENTATION REQUIRED		GST STATUS - EXPENSE	DOCUMENTATION REQUIRED
PR16	Your organisation is making a supply for each sale of lollies.	Taxable	Nil		Cannot claim input tax credits as no GST paid on acquisitions.	Invoice
PR17	Your organisation is making a supply of hot, take-away food.	Taxable	Nil		Nil, as the food purchases made are GST-free.	Invoices and receipts.
PR18	Supply at 40% of the GST inclusive market value.	GST-free	Nil		Friendly Felicity needs to provide a Tax Invoice to get reimbursement from your charity. Your organisation can then claim input tax credits for the GST paid on the acquisition of the paints.	Tax Invoice from the supplier of the paints.
PR19	Your organisation has made a supply of the rides.	Taxable	Nil		Claim input tax credits for the GST paid on the hire of the equipment.	Tax Invoice issued by Mavis' Marvellous Merry Go Round.
PR20	Salaries.	Nil	Nil		Salaries.	Employment and PAYE withholding records.

9.1. Cash Receipts Book (for the period ended 30 September 2000)

Trans #	Date	Details	Total Amount	Amount of GST	Taxable Supplies						GST-free Supplies				Input Taxed Supplies Rent	Total Supplies made (Incl. GST)	Other Receipts Donations	Tax Refunds			
					Sales	Grants	M/ship	Rent	S/ship	Other	Sales	M/ship	Rent	Services				PAYE W/H	GST on Supplies	GST Credits	ABN W/H
S1	1.7	G Border	1,100.00	-							1,100.00					1,100.00					
S2	3.7	Dept of Care	44,000.00	4,000.00		40,000.00										44,000.00					
S3	7.7	J Smith	11.00	-								11.00				11.00					
S4	9.9	Charity Inc	550.00	50.00	500.00											550.00					
S5	11.7	Heavenly Directors	100.00	-									100.00			100.00					
S6	15.7	B Smith	11.00	1.00			10.00									11.00					
S7	17.7	G Smith	58.50	-							58.50					58.50					
S8	19.7	Care Inc	22,000.00	2,000.00		20,000.00										22,000.00					
S9	21.7	G Border	150.00	13.64	136.36											150.00					
S10	1.8	Mary & Joseph	220.00	10.00						100.00				110.00		220.00					
S11	5.8	Cash	260.00	-									260.00			260.00					
S12	9.8	CBA	11,000.00	1,000.00			10,000.00									11,000.00					
S13	11.8	All Saints Hospital	660.00	60.00						600.00						660.00					
TOTAL			80,120.50	7,134.64	636.36	60,000.00	10.00	10,000.00	-	700.00	1,158.50	11.00	260.00	210.00	-	80,120.50	-	-	-	-	-

9.1. Cash Receipts Book (for the period ended 30 September 2000)

Trans #	Date	Details	Total Amount	Amount of GST	Taxable Supplies						GST-free Supplies				Input Taxed Supplies Rent	Total Supplies made (Incl. GST)	Other Receipts Donations	Tax Refunds			
					Sales	Grants	M/ship	Rent	S/ship	Other	Sales	M/ship	Rent	Services				PAYE W/H	GST on Supplies	GST Credits	ABN W/H
		Balance B-Fwd	80,120.50	7,134.64	636.36	60,000.00	10.00	10,000.00	0.00	700.00	1,158.50	11.00	260.00	210.00	0.00	80,120.50	0.00	-	-	-	-
F1	12.8	I Gentle	110.00	0.00							0.00					110.00					
F2	14.8	Fred's Butchers	110.00	10.00					100.00							110.00					
F4	18.8	Fred's Butchers	880.00	80.00						800.00						880.00					
F5	20.8	East Bank Ltd	770.00	70.00						700.00						770.00					
F7	24.8	Heavenly Pizzas	2,000.00	181.82						1,818.18						2,000.00					
F7	24.8	Cash	20,000.00	0.00							20,000.00					20,000.00					
F8	10.9	Cash	3.30	0.30	3.00											3.30					
F9	10.9	Cash	11.00	0.00							11.00					11.00					
F10	10.9	Cash	330.00	0.00													330.00				
F11	10.9	Cash	110.00	0.00							110.00					110.00					
PR1	12.9	I Kold	55.00	0.00							55.00					55.00					
PR2	13.9	I Kooking	44.00	4.00	40.00											44.00					
PR3	14.9	City Council	22,000.00	2,000.00		20,000.00										22,000.00					
PR4	15.9	I Kold	80.00	-							80.00					80.00					
PR5	16.9	Cash	30.00	-									30.00			30.00					
PR6	17.9	Cash	220.00	-							220.00					220.00					
PR7	18.9	Cash	1,200.00	-							1,200.00					1,200.00					
PR8	19.9	Cash	652.50	-										652.50		652.50					
PR10	20.9	Tennis Aces P/L	330.00	30.00					300.00							330.00					
PR11	21.9	G Border	1,100.00	0.00													1,100.00				
PR11	21.9	Cash	500.00	0.00							500.00					500.00					
PR12	22.9	Cash	4,400.00	0.00							4,400.00					4,400.00					
PR14	13.9	Fred's Butchers	110.00	10.00						100.00						110.00					
PR16	23.9	Cash	880.00	80.00	800.00											880.00					
PR17	23.9	Cash	660.00	60.00	600.00											660.00					
PR18	23.9	Cash	198.00	0.00							198.00					198.00					
PR19	23.9	Cash	880.00	80.00	800.00											880.00					
TOTAL			137,784.30	9,740.75	2,879.36	80,000.00	10.00	10,000.00	100.00	4,418.18	27,932.50	11.00	260.00	240.00	652.50	136,244.30	1,540.00	-	-	-	-
			BAS G1	BAS 1A G1 = G9	SHOULD EQUAL G9 X 10						BAS G3				G4						

9.2. Consideration (Non-Cash) Receipts Book (for the period ended 30 September 2000)

Trans #	Date	Details	Total Amount	Amount of GST	Taxable Supplies						GST-free Supplies				Input Taxed Supplies Rent	Total Supplies made (Incl. GST)	Other Receipts Donations
					Sales	Grants	M/ship	Rent	S/ship	Other	Sales	M/ship	Rent	Services			
PR9	10.8	Office Equip Co	550.00	50.00	500.00											550.00	
PR15	12.9	MMC Office Equip	1,100.00	100.00	1,000.00											1,100.00	
TOTAL			1,650.00	150.00	1,500.00	-	-	-	-	-	-	-	-	-	-	1,650.00	-
				BAS G1	BAS 1A G1 = G9							G3					

9.4. Consideration (Non-Cash) Payments Book - GST (for the period ended 30 September 2000)

GST					Acquisitions with GST in the price							Acquisitions without GST in the price					Acquisitions for making Input Taxed Supplies	Total Acquisitions made	Salaries	
Trans #	Date	Details	Total Amount	Amount of GST	Stock	Subs	Repairs	Ins	Office Exp.	Capital	Sundry	Stock	Grants	Office Exp.	Subs.	Sundry	Property Expenses	(Incl. GST)		
PR9	10.8	Office Supply Co.	550.00	50.00						500.00									550.00	
PR15	10.8	MMC Office Equip	1,100.00	100.00						1,000.00									1,100.00	
																			-	
																			-	
																			-	
																			-	
TOTAL			1,650.00	150.00	-	-	-	-	-	1,500.00	-	-	-	-	-	-	-	-	1,650.00	-
				BAS 1B = G20						BAS + GST = G10	G14					G13				

9.5. ABN withholding Payments Book (for the period ended 30 September 2000)

ABN Withholding				Acquisitions with GST in the price							Acquisitions without GST in the price					Acquisitions for making Input Taxed Supplies	Total Acquisitions made	Salaries	
Trans #	Date	Details	Total Amount	Stock	Subs	Repairs	Ins	Office Exp.	Capital	Sundry	Stock	Grants	Office Exp.	Subs.	Sundry	Property Expenses	(Incl. GST)		
M5	2.8	Local Restuarant	293.43												293.43			293.43	
PR13	22.9	Service Provider	9,700.00												9,700.00			9,700.00	
																		-	
																		-	
																		-	
																		-	
TOTAL			9,993.43	-	-	-	-	-	-	-	-	-	-	-	9,993.43	-	-	9,993.43	-
				BAS 4/W4						G14					G11				

9.6. Bank Reconciliation

Period: 30.9.2000

Balance as per previous bank reconciliation	1,235.77
Add:	
Receipts	137,784.30
Less:	
Payments	114,958.32
	<hr/>
Balance at end of period	24,061.75
Less:	
Outstanding deposits	-
Add:	
Outstanding cheques	-
	<hr/>
Balance as per bank statement	24,061.75

9.7. Statements of Receipts & Payments - Worksheet (for the period ended 30 September 2000)

	TAXABLE	GST-FREE	CASHBOOK INPUT TAXED	OTHER	TAXES	TAX JOURNAL	TOTAL
Bank Opening Balance							1,235.77
Receipts:							
Sales	2,879.36	27,932.50					30,811.86
Grants	80,000.00						80,000.00
Membership	10.00	11.00					21.00
Rent	10,000.00	260.00	652.50				10,912.50
Sponsorship	100.00						100.00
Donations				1,540.00			1,540.00
Services		240.00					240.00
Other	4,418.18						4,418.18
Total Receipts							128,043.55
Expenses:							
Stock	27,210.00	1,059.00					28,269.00
Subscriptions	50.00	50.00					100.00
Repairs	4,000.00						4,000.00
Insurance	1,500.00						1,500.00
Office Expenses	1,392.50	190.00					1,582.50
Property Expenses			250.00				250.00
Salaries				600.00	-		600.00
Sundry	5,272.73	1,851.57					7,124.30
Grants		30,300.00					30,300.00
ABN Withholding Tax paid							-
Capital Items	33,900.00						33,900.00
Total Expenses							107,625.80
Surplus/(Deficit) before GST	-	-	-				20,417.75
GST:							
Received from supplies					9,740.75		9,740.75
Paid on acquisitions					(7,332.52)		(7,332.52)
Surplus/(Deficit) after GST							24,061.75
Represented by:							
Bank							24,061.75

9.8. BAS Worksheet

The "BAS Worksheet" collects from the cash book and the non-cash books the relevant information to be included in the BAS. The "BAS Worksheet" has been created on the basis of the draft BAS provided by the ATO as at May 2000. The draft BAS may undergo amendments after this date and prior to finalisation. This must be taken into account when designing your cash book and "BAS Worksheet".

BAS ITEM	DETAILS
Page 1	
1A - GST Payable	From item G9, page 2.
1C - Wine equalisation tax payable	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
1E - Luxury car tax payable	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
2A	The sum of 1A, 1C and 1E.
1B - Credit for GST paid	From item G20, page 2.
1D - Wine equalisation tax refundable	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
1F - Luxury car tax refundable	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
1G - Credit for wholesale sales tax	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
2B	The sum of 1B, 1D, 1F and 1G
3 - GST net amount	The result of 2A minus 2B
4 - Total amounts withheld from all payments	The sum of all ABN withholdings (from "Non-Cash Payments - ABN Withholding") and PAYG/PAYE withholdings (to come from your payroll records).
5A - Income Tax Instalment	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
6A - Fringe Benefits Tax Instalment	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
7 - Deferred company/fund instalment	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
8A	The sum of 2A, 4, 5A, 6A and 7
5B - Credit adjustment for previous income	Taken to be nil in this instance. If applicable consult your tax instalments Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
6B - Variation credit from prior fringe benefits	Taken to be nil in this instance. If applicable consult your tax instalments Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
8B	The sum of 2B, 5B and 6B
9 - Net amount of your obligations	The result of 8A minus 8B. If the result is a positive amount, this is the amount you owe the ATO. This amount must be paid when the BAS is lodged. If the result is a negative amount, this is the amount the ATO owes to you. This refund will be paid by the ATO within 14 days of you lodging your BAS. The amount will be credited to your bank account.

BAS ITEM	DETAILS
Page 2	
G1 - Total sales & income & other supplies	This is the total of all receipts from supplies (both cash and non-cash), including GST. Any receipts of refunds from the ATO would be excluded from this figure. In this instance it is the sum of the "Total Supplies made (incl. GST)" columns from the Cash Receipts Book and the Non-Cash Receipts Book.
G2 - Exports	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
G3 - Other GST-free supplies	This is the total of all receipts, both cash and non-cash, from GST-free supplies made. In this instance it is the sum of the "GST-free Supplies" columns from the Cash Receipts Book and the Non-Cash Receipts Book.
G4 - Input taxed sales & income & other supplies	This is the total of all receipts, both cash and non-cash, from Input Taxed supplies made. In this instance it is the sum of the "Input Taxed Supplies" columns from the Cash Receipts Book and the Non-Cash Receipts Book.
G5 - This is the total of your GST-free and input taxed supplies	The sum of G2, G3 and G4. In this instance it should agree to the total of the "GST-free Supplies" and "Input Taxed Supplies" columns from the Cash Receipts Book and the Non-Cash Receipts Book.
G6 - This is the total of your taxable supplies	The result of G1 minus G5, which should agree to the total taxable supplies made, both cash and non-cash, including GST.
G7 - Adjustments	Taken to be nil in this instance. To be recorded in your accounting records when they occur.
G8 - This is the total of your taxable supplies after adjustments	The sum of G6 and G7.
G9	The result of dividing G8 by eleven. This is the amount of GST payable on Taxable supplies made, both cash and non-cash. In this instance it is the sum of the "Amount of GST" columns from both the Cash Receipts Book and the Non-Cash Receipts Book.
G10 - Capital acquisitions	This is the total of all capital acquisitions, both cash and non-cash, including GST.
G11 - Other acquisitions	This is the total of all acquisitions made, excluding capital acquisitions. It will be both cash and non-cash acquisitions, including GST. Any payment of taxes to the ATO would be excluded from this figure. In this instance it is the sum of the "Total Acquisitions made (incl. GST)" columns from the Cash Payments Book and the Non-Cash Payments Book - GST.
G12 - This is the total of your acquisitions	The sum of G10 and G11.
G13 - Acquisitions for making input taxed sales & income & other supplies	This is the total of all acquisitions which are made to enable input taxed supplies to be provided. In this instance it is the sum of the "Acquisitions for making Input Taxed Supplies" columns from the Cash Payments Book and the Non-Cash Payments Book - GST.
G14 - Acquisitions with no GST in the price	This is the total of all acquisitions made on which you have not been charged GST. In this instance it is the sum of the "Acquisitions without GST in the price" columns from the Cash Payments Book and the Non-Cash Payments Book - GST.
G15 - Total of estimated private use and non-income tax deductible acquisitions	Taken to be nil in this instance. If such purchases are made a record must be kept.

BAS ITEM	DETAILS
G16 - This is the total of your non-creditable acquisitions	The sum of G13, G14 and G15.
G17 - This is the total of your creditable acquisitions	The result of G12 minus G16.
G18 - Adjustments	Taken to be nil in this instance. To be recorded in your accounting records when they occur.
G19 - This is the total of your creditable acquisitions after adjustments	The sum of G17 and G18.
G20	The result of dividing G19 by eleven. This is the amount of input tax credits for GST paid on creditable acquisitions, both cash and non-cash. In this instance it is the sum of the "Amount of GST" columns from both the Cash Payments Book and the Non-Cash Payments Book - GST.

BAS ITEM	DETAILS
W1 - Total of salary, wages and other payments	The gross amount of salaries taken from your payroll records.
W2 - amounts withheld from salary, wages and other payments	The amount of PAYG(PAYE) tax withheld from salaries. Amount will come from your payroll records.
W3 - Amounts withheld from investment distributions where no TFN is quoted	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
W4 - Amounts withheld from payment of invoices where no ABN is quoted	The total of all amounts withheld from invoices where no ABN was quoted by the supplier. In this instance it is the total amount from the "Total Amount of AND W/H" column from the Non-Cash Payments Book - ABN Withholding.
T1, T2, T3 and T4	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.
F1, F2, F3 and F4	Taken to be nil in this instance. If applicable consult your Diocesan or Congregational Business Manager, the ATO, or a professional advisor.

ITEM	BAS	CODE	CASH	NON-CASH	TOTAL	CHECK TO ACCOUNTING RECORDS	DIFFERENCE
Business Activity Statements - Page 1:							
GST Payable		1A	9,740.75	150.00	9,890.75	9,890.75	-
Wine equalisation tax payable		1C	-	-	-	-	-
Luxury car tax payable		1E	-	-	-	-	-
Add 1A + 1C + 1E		2A	9,740.75	150.00	9,890.75	9,890.75	-
Credit for GST paid		1B	7,332.52	150.00	7,482.52	7,482.52	-
Wine equalisation tax refundable		1D	-	-	-	-	-
Luxury car tax refundable		1F	-	-	-	-	-
Credit for wholesale sales tax		1G	-	-	-	-	-
Add 1B + 1D + 1F + 1G		2B	7,332.52	150.00	7,482.52	7,482.52	-
2A minus 2B - GST net amount		3	2,408.23	-	2,408.23	2,408.23	-
Total amounts withheld from all payments		4	-	10,078.43	10,078.43	10,078.43	-
Income Tax Instalment		5A	-	-	-	-	-
Fringe Benefits Tax Instalment		6A	-	-	-	-	-
Deferred company/fund instalment		7	-	-	-	-	-
Add 2A + 4 + 5A + 6A + 7		8A	9,740.75	10,228.43	19,969.18	19,969.18	-
Credit adjustment for previous income tax instalments		5B	-	-	-	-	-
Variation credit from prior fringe benefits tax instalments		6B	-	-	-	-	-
Add 2B + 5B + 6B		8B	7,332.52	150.00	7,482.52	7,482.52	-
8A minus 8B - Net amount of your obligations		9	2,408.23	10,078.43	12,486.66	12,486.66	-

ITEM	BAS	CODE	CASH	NON-CASH	TOTAL	CHECK TO ACCOUNTING RECORDS	DIFFERENCE
Supplies you have made:							
Total sales & income & other supplies		G1	136,244.30	1,650.00	137,894.30	137,894.30	-
Exports		G2	-	-	-	-	-
Other GST-free supplies		G3	28,443.50	-	28,443.50	28,443.50	-
Input taxed sales & income & other supplies		G4	652.50	-	652.50	652.50	-
Add G2 + G3 + G4							
This is the total of your GST-free and input taxed supplies		G5	29,096.00	-	29,096.00	29,096.00	-
G1 minus G5							
This is the total of your taxable supplies		G6	107,148.30	1,650.00	108,798.30	108,798.30	-
Adjustments		G7	-	-	-	-	-
Add G6 + G7							
This is the total of your taxable supplies after adjustments		G8	107,148.30	1,650.00	108,798.30	108,798.30	-
Divide G8 by Eleven		G9	9,740.75	150.00	9,890.75	9,890.75	-
Acquisitions you have made:							
Capital acquisitions		G10	37,290.00	1,650.00	38,940.00	38,940.00	-
Other acquisitions		G11	77,068.32	9,993.43	87,061.75	87,061.75	-
Add G10 + G11							
This is the total of your acquisitions		G12	114,358.32	11,643.43	126,001.75	126,001.75	-
Acquisitions for making input taxed sales & income & other supplies		G13	250.00	-	250.00	250.00	-
Acquisitions with no GST in the price		G14	33,450.57	9,993.43	43,444.00	43,444.00	-
Total of estimated private use and non-income tax deductible acquisitions		G15	-	-	-	-	-
Add G13 + G14 + G15							
This is the total of your non-creditable acquisitions		G16	33,700.57	9,993.43	43,694.00	43,694.00	-
G12 minus G16							
This is the total of your creditable acquisitions		G17	80,657.75	1,650.00	82,307.75	82,307.75	-
Adjustments		G18	-	-	-	-	-
Add G17 + G18							
This is the total of your creditable acquisitions after adjustments		G19	80,657.75	1,650.00	82,307.75	82,307.75	-
Divide G19 by Eleven		G20	7,332.52	150.00	7,482.52	7,482.52	-

ITEM	BAS	CODE	CASH	NON-CASH	TOTAL	CHECK TO ACCOUNTING RECORDS	DIFFERENCE
Total of salary, wages and other payments		W1	600.00	85.00	685.00	685.00	-
Amounts withheld from salary, wages and other payments		W2	-	85.00	85.00	85.00	-
Amounts withheld from investment distributions where no TFN is quoted		W3	-	-	-	-	-
Amounts withheld from payment of invoices where no ABN is quoted		W4	-	9,993.43	9,993.43	9,993.43	-
T1, T2, T3 and T4			-	-	-	-	-
Fringe benefits tax instalment		F1	-	-	-	-	-
Estimated total fringe benefits tax payable		F2	-	-	-	-	-
Varied fringe benefits tax instalment amount		F3	-	-	-	-	-
Reason for variation		F4	-	-	-	-	-

9.9 Completion Notes

The cash book used, both receipts and payments, is indicative only of how your cash book should be designed. When designing your cash book you must consider:

- ▲ That the cash book must provide the information for both financial reporting and BAS reporting. The cash book should not be designed to accommodate only one of these objectives; and
- ▲ The transactions that your organisation undertakes and the GST category of each transaction. Your cash book will need to include each transaction under each GST category. For example, prior to the GST regime your cash book may have included a "Sales" category of receipts. However, after 1 July 2000 "Sales" receipts may need to be reported as Taxable sales, GST-free sales and Input Taxed sales. Depending upon your transactions, this may increase your cash book to an unmanageable size. It may now be time to consider a computerised accounting system!

Cash Receipts

From each example the relevant receipt has been coded to the cash receipts book. This must be done on a timely basis, daily would be preferable, however, if this is not achievable it should be done weekly.

Non-Cash Receipts

Your organisation is liable for GST on all taxable supplies. These supplies and the applicable GST must be reported in your BAS, however are not relevant to cash basis financial reports. Therefore, you will need to keep a record of such supplies outside of your cash book. This has been achieved for the example transactions by a "Consideration (Non-Cash) Receipts Book" in which the details of the non-cash supplies have been entered.

Cash Payments

From each example the relevant payment has been coded to the cash payments book. Again, this must be done on a timely basis.

Non-Cash Payments

Your organisation is entitled to claim back input tax credits for the GST paid on creditable acquisitions. For this to happen these acquisitions and the applicable GST must be reported in your BAS. Again, however, they are not relevant to cash basis financial reports and must be recorded separately. This has been achieved in the example by a "Consideration (Non-Cash) Payments Book - GST" in which the details of the non-cash payments have been entered. They must be recorded when the tax invoice is processed to ensure that they are recorded correctly.

When your organisation receives an invoice from another entity which does not have a valid ABN your organisation is required by law to withhold 48.5% of the total invoice amount (for invoices greater than \$50). The amount withheld must be reported on your BAS and remitted to the ATO. Therefore, you will be required to keep a record of such withholdings. These will be non-cash withholdings so the record will be outside your cash book. This has been achieved by creating an "ABN Withholding Payments Book". It is important that the details be recorded when you are making payment of the invoice, this will ensure that the details are recorded for accurate BAS reporting. It is also recommended that you record the amount in the relevant expense category as this information will be useful in preparing accurate financial statements, once the amount withheld has been paid to the ATO.

Bank Reconciliation

It is recommended that you perform a bank reconciliation on a monthly basis. This is regardless of whether you are reporting monthly or quarterly to the ATO. Therefore, you will need to arrange to receive bank statements monthly from your financial institution. You should also arrange that the bank statements come for the end of the month by the seventh working day of the following month. This will allow sufficient time to reconcile your cash book to the bank statement, prepare the BAS for the tax period, and lodge the BAS with the ATO by

the deadline (being the 21st day of the month following the end of the tax period).

The bank reconciliation is prepared using the amounts for the period from the cash book and the bank balance on the bank statement for the end of the month.

Financial Reporting

The organisation in this instance prepares a "Statement of Receipts & Payments" which reconciles to the bank amount as per the bank reconciliation.

The "Statement of Receipts & Payments - Worksheet" is used to consolidate the amounts from the cash book to produce the final amounts to be reported. The non-cash amounts from the subsidiary Consideration (Non-Cash) receipts and payments books are not included because they are non-cash and the information is needed only for BAS reporting purposes. This organisation is registered for GST so the GST collected on supplies is payable to the ATO, and the GST paid on creditable acquisitions is refundable from the ATO. Therefore, the GST amounts are reported as separate line items in the Statement of Receipts & Payments. An organisation not registered for GST may decide to include the GST amounts as part of the receipts and payments and not treat them as separate line items.

10.4. Consideration (Non-Cash)Payments Book - GST (for the period ended 7 October 2000)

GST				Acquisitions with GST in the price								Acquisitions without GST in the price					Acquisitions for making Input Taxed Supplies	Total Acquisitions made	Salaries	
Trans #	Date	Details	Total Amount	Amount of GST	Stock	Subs	Repairs	Ins	Office Exp.	Capital	Sundry	Stock	Grants	Office Exp.	Subs.	Sundry	Property Expenses	(Incl. GST)		
																			-	
																			-	
																			-	
																			-	
																			-	
																			-	
																			-	
TOTAL			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

10.5. ABN withholding Payments Book (for the period ended 7 October 2000)

ABN Withholding				Acquisitions with GST in the price								Acquisitions without GST in the price					Acquisitions for making Input Taxed Supplies	Total Acquisitions made	Salaries	
Trans #	Date	Details	Total Amount		Stock	Subs	Repairs	Ins	Office Exp.	Capital	Sundry	Stock	Grants	Office Exp.	Subs.	Sundry	Property Expenses	(Incl. GST)		
																			-	
																			-	
																			-	
																			-	
																			-	
																			-	
																			-	
																			-	
TOTAL			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

10.6. Bank Reconciliation**Period: 7.10.2000**

Balance as per previous bank reconciliation	24,061.75
Add:	
Receipts	-
Less:	
Payments	12,486.66
	<hr/>
Balance at end of period	11,575.09
Less:	
Outstanding deposits	-
Add:	
Outstanding cheques	-
	<hr/>
Balance as per bank statement	11,575.09

10.7. Statements of Receipts & Payments - Worksheet (for the period ended 7 October 2000)

	TAXABLE	GST-FREE	CASHBOOK INPUT TAXED	OTHER	TAXES	TAX JOURNAL	TOTAL
Bank Opening Balance							1,235.77
Receipts:							
Sales	2,879.36	27,932.50					30,811.86
Grants	80,000.00						80,000.00
Membership	10.00	11.00					21.00
Rent	10,000.00	260.00	652.50				10,912.50
Sponsorship	100.00						100.00
Donations				1,540.00			1,540.00
Services		240.00					240.00
Other	4,418.18						4,418.18
Total Receipts							128,043.55
Expenses:							
Stock	27,210.00	1,059.00					28,269.00
Subscriptions	50.00	50.00					100.00
Repairs	4,000.00						4,000.00
Insurance	1,500.00						1,500.00
Office Expenses	1,392.50	190.00					1,582.50
Property Expenses			250.00				250.00
Salaries				600.00	85.00		685.00
Sundry	5,272.73	1,851.57				9,993.43	17,117.73
Grants		30,300.00					30,300.00
ABN Withholding Tax paid					9,993.43	(9,993.43)	-
Capital Items	33,900.00						33,900.00
Total Expenses							117,704.23
Surplus/(Deficit) before GST							10,339.32
GST:							
Received from supplies					(150.00)	150.00	0.00
Paid on acquisitions					150.00	(150.00)	(0.00)
Surplus/(Deficit) after GST							11,575.09
Represented by:							
Bank							11,575.09

10.8. BAS worksheet

ITEM	BAS	CODE	CASH	NON-CASH	TOTAL	CHECK TO ACCOUNTING RECORDS	DIFFERENCE
Business Activity Statements - Page 1:							
GST Payable		1A	-	-	-	-	-
Wine equalisation tax payable		1C	-	-	-	-	-
Luxury car tax payable		1E	-	-	-	-	-
Add 1A + 1C + 1E		2A	-	-	-	-	-
Credit for GST paid		1B	-	-	-	-	-
Wine equalisation tax refundable		1D	-	-	-	-	-
Luxury car tax refundable		1F	-	-	-	-	-
Credit for wholesale sales tax		1G	-	-	-	-	-
Add 1B + 1D + 1F + 1G		2B	-	-	-	-	-
2A minus 2B - GST net amount		3	-	-	-	-	-
Total amounts withheld from all payments		4	-	-	-	-	-
Income Tax Instalment		5A	-	-	-	-	-
Fringe Benefits Tax Instalment		6A	-	-	-	-	-
Deferred company/fund instalment		7	-	-	-	-	-
Add 2A + 4 + 5A + 6A + 7		8A	-	-	-	-	-
Credit adjustment for previous income tax instalments		5B	-	-	-	-	-
Variation credit from prior fringe benefits tax instalments		6B	-	-	-	-	-
Add 2B + 5B + 6B		8B	-	-	-	-	-
8A minus 8B - Net amount of your obligations		9	-	-	-	-	-

ITEM	BAS	CODE	CASH	NON-CASH	TOTAL	CHECK TO ACCOUNTING RECORDS	DIFFERENCE
Supplies you have made:							
Total sales & income & other supplies		G1	-	-	-	-	-
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	-	-	-	-	-
Acquisitions you have made:							
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 and 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	-	-	-	-	-

ITEM	BAS	CODE	CASH	NON-CASH	TOTAL	CHECK TO ACCOUNTING RECORDS	DIFFERENCE
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	-	-	-	-	-
T1, T2, T3 and T4			-	-	-	-	-
Fringe benefits tax instalment		F1	-	-	-	-	-
Estimated total fringe benefits tax payable		F2	-	-	-	-	-
Varied fringe benefits tax instalment amount		F3	-	-	-	-	-
Reason for variation		F4	-	-	-	-	-

10.9 Completion Notes

Lets assume that you are really organised so that by 7 October 2000 you have reconciled your bank, prepared your Statement of Receipts & Payments, and prepared your BAS for the quarter ended 30 September 2000. Your organisation owes the ATO \$12,486.66, being the net tax obligations for that tax period. You write a cheque for this amount and lodge it, together with the BAS, with the ATO. This is the only transaction of your organisation for the next tax period.

Cash Receipts

Nil transactions to date. To ensure that your BAS is accurate for the next tax period you must begin the cash book with nil opening balances at the beginning of the period. This is opposed to a cash book used only for financial reporting purposes, which would carry forward the totals from the prior quarter.

Consideration (Non-Cash) Receipts

Again, nil transactions for the period. Consideration (Non-Cash) books are also to have nil opening balances at the beginning of the period to ensure accuracy of reporting on the BAS.

Cash Payments

The only transaction recorded is the payment of the net tax obligations. The amount is recorded in the cash book as a payment and coded into Taxes Paid accounts. The split into each taxes paid account is determined from the BAS to which the payment relates. In this instance the payment was made up of:

GST applying to Taxable	\$9,890.75
Supplies made	
Credits for GST paid	(\$7,482.52)
on creditable acquisitions	
ABN withholdings	\$9,993.43
PAYG(PAYE) withholdings	\$85.00
	<hr/>
	\$12,486.66

It is important that your cash book is designed so that tax payments/refunds can be coded to accounts for each type of tax reported on your BAS. This ensures the

integrity of financial reports prepared from the cash books.

Consideration (Non-Cash) Payments

Nil transactions for the period. Again, non-cash books to have nil opening balances at the beginning of the period to ensure accuracy of reporting on the BAS.

Financial Reporting

The "Statement of Receipts & Payments - Worksheet" is used to prepare the financial reports for the period. To the amounts from the quarter ended 30 September 2000 are added the amounts from the cash books for the period ended 7 October 2000. There is only the one transaction, the payment of the taxes. Consolidation of this payment will result in the following unusual amounts:

- ▲ An expense item of "ABN Withholding Tax Paid"; and
- ▲ GST amounts in both GST items.

These unusual amounts are the result of non-cash items having to be taken into account in the BAS when calculating the net amount of tax obligations.

In order to clear these non-cash amounts from the cash financial report a Tax Journal must be written and processed into the "Statement of Receipts & Payments - Worksheet". The journals are prepared from the non-cash records you are keeping of non-cash GST transactions and ABN withholding.

The first journal is to recode the ABN withholding tax paid. The amount is cleared from the "ABN Withholding Tax Paid" expense account and coded to the expense accounts to which the payment relates (ie the expense code to which the original payment was coded). This detail will come from your non-cash record of ABN withholding. It is recommended that this record be designed to include the same items as your cash book. In this instance the journal is:

Sundry	\$9,993.43
ABN Withholding Tax Paid	(\$9,993.43)

The second journal is to clear the GST accounts which currently show balances

for the non-cash GST included in the BAS. The detail will come from your non-cash receipts and payments books. Again it is recommended that these records be designed to include the same items as your Cash Payments Book. In this instance the journal is:

GST received from supplies	150.00
GST paid on acquisitions	(\$150.00)

Please note that all journals must balance (ie, the sum of the amounts should come to zero).

BAS Worksheet

The Taxes Paid and Tax Refund columns of the cash book are not included in the BAS. Therefore, the BAS for the period 1 October 2000 to 7 October 2000 shows nil balances.

11. Business Activity Statement 30.9.2000

Four Cross Parish
1 Botany Road
Melbourne, 3000

When completing this form please use a **BLACK** pen only.



30510200

Document identification number
A1

Australian Business Number
A2

Period covered by this statement
from to
A3 A4

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

DRAFT
Business Activity Statement Use the *Business Activity Statement Instructions* to complete this form.

Show whole dollars only.

		DEBITS			CREDITS	
Goods and services tax payable	1A \$	9 8 9 0		Credit for goods and services tax paid	1B \$	7 4 8 2
Wine equalisation tax payable	1C \$	- - - -		Wine equalisation tax refundable	1D \$	- - - -
Luxury car tax payable	1E \$	- - - -		Luxury car tax refundable	1F \$	- - - -
				Credit for wholesale sales tax	1G \$	- - - -
Add 1A + 1C + 1E	2A \$	9 8 9 0		Add 1B + 1D + 1F + 1G	2B \$	7 4 8 2
2A minus 2B		3 \$		2 4 0 8		<i>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.</i>
Pay As You Go withholding	4 \$	1 0 0 7 8				
Add 2A + 4	8A \$	1 9 9 6 8				
8A minus 2B		9 \$		1 2 4 8 6		<i>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.</i>

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

Signature **M.Hancox** Date **01/10/00**

The ATO is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies.
NAT 3051-3/2000

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

Australian Taxation Office 

PAYMENT ADVICE - 60

Four Cross Parish

Australian Taxation Office
Private Bag 6007
ALBURY NSW 2640

0000 0156 03

97 999 999 999

\$

EFT code 97999 999 999 9360



<97999999999> < > < 000000> 15600< >

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GST Guide for the Catholic Church - Australia

DRAFT D Calculation Sheet – Show whole dollars only.
 Goods and services tax D quarterly cycle on record D details not required for this period

Supplies you have made		Acquisitions you have made	
GST accounting method	Non-cash (accruals)	Amounts at G1, G7, G10, G11, G13, G15 & G18 are GST-inclusive.	
Total sales & income & other supplies	G1 \$ 1 3 7 8 9 4	Capital acquisitions	G10 \$ 3 8 9 4 0
GST-free supplies	Exports	Other acquisitions	G11 \$ 8 7 0 6 1
	Other GST-free supplies	Add G10 + G11 This is the total of your acquisitions.	G12 \$ 1 2 6 0 0 1
	Input taxed sales & income & other supplies	Acquisitions for making input taxed sales & income & other supplies	G13 \$ 2 5 0
Add G2 + G3 + G4 This is the total of your GST-free and input taxed supplies.	G5 \$ 2 9 0 9 6	Acquisitions with no GST in the price	G14 \$ 4 3 4 4 4
G1 minus G5 This is the total of your taxable supplies.	G6 \$ 1 0 8 7 9 8	Total of estimated private use of acquisitions + non-income tax deductible acquisitions	G15 \$ - - - -
Adjustments	G7 \$ - - - -	Add G13 + G14 + G15 This is the total of your non-creditable acquisitions.	G16 \$ 4 3 6 9 4
Add G6 + G7 This is the total of your taxable supplies after adjustments.	G8 \$ 1 0 8 7 9 8	G12 minus G16 This is the total of your creditable acquisitions.	G17 \$ 8 2 3 0 7
Divide G8 by eleven	G9 \$ 9 8 9 0	Adjustments	G18 \$ - - - -
The amount at G9 is your GST payable, transfer this amount to 1A on the front.		Add G17 + G18 This is the total of your creditable acquisitions after adjustments.	G19 \$ 8 2 3 0 7
		Divide G19 by eleven	G20 \$ 7 4 8 2
		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 \$ 6 8 5	Amounts withheld from investment distributions where no TFN is quoted	W3 \$ - - - -
Amounts withheld from salary, wages and other payments	W2 \$ 8 5	Amounts withheld from payment of invoices where no ABN is quoted	W4 \$ 9 9 9 3
Add W2 + W3 + W4 and write the amount at 4 on the front.			

Aust Post Use



Payments can be made by direct credit: BPAY; direct debit; at Australia Post or by mail. For details refer to your activity statement instructions.

12. Preparing for the GST

Although most elements of The New Tax System start on 1 July 2000, you need to start preparing now. Here is a checklist for you to follow:

Action to be Undertaken

1. Parish/Congregation to complete and forward registration form prior to 31 May;
2. Priests will be advised re registration options and will need to have a registration form completed ready to forward dependent on decision made;
3. Train and prepare staff;
4. Think about contracts you have, or may enter into, that go beyond 1 July 2000;
5. Ask your suppliers re their registration status after 1 July 2000;
6. Ask your suppliers about cost reductions (resulting from sales tax removal);
7. Think about the implications of pricing changes;
8. Consider current and future structure of your enterprise and options for branching/grouping and establishment of sub-entities;
9. Review past transactions and evaluate current recording and reporting systems and change to satisfy The New Tax System requirements;
10. Evaluate cash flow implications;
11. Ascertain your expected quarterly entitlement to input tax credits; and
12. Review your stationery requirements, including tax invoices.

13. Frequently Asked Questions

Employee Benefits

Q: The legislation doesn't specifically address the GST treatment of employee benefits. Can you explain the impact of GST on employee benefits as well as any associated FBT implications?

A: GST is not payable on employee salaries which are specifically provided for in the Act-paragraph 9-20(2)(a). Employee fringe benefits are not subject to GST where the supply is subject to the fringe benefits tax legislation.

Postage and Telephone Calls

Q: Will local telephone calls and postage stamps be subject to GST?

A: Local telephone calls and postage are subject to GST but our understanding is that it is likely that pricing policy will dictate that the price of calls will be GST-inclusive (i.e. that the price is fixed in legislation and the suppliers will have to remit the GST based on that price).

Registration

Q: Are there two processes for registering for the ABN and GST?

A: GST will be part of the registration process for an ABN. You will be able to elect to register for GST when you apply for your ABN.

Sales Tax Exemption

Q: Our parish/congregation can currently purchase a vehicle exempt from wholesale sales tax by quoting an item number under the sales tax law. Are we subject to the phasing in rules for GST?

A: No. If you previously had been able to purchase that particular vehicle exempt of sales tax, the phasing in of input tax credit rules would not apply to you on that purchase.

Phasing in will apply on other new motor vehicles that you purchase, if you could not previously purchase them exempt of sales tax.

Tax-Exempt Organisations

Q: Does the common law definition of charities include all organisations that have income tax exemption?

A: No, not all income tax exempt organisations are charities. There are other categories of exempt entities, for example, sporting bodies, which are not charitable. Generally organisations that satisfy the common law definition of charities are income tax exempt as charities. Where organisations are unsure of their status, they should obtain a ruling from the ATO to clarify this issue.

Spiritual Retreats

Q: Are the following religious services considered charitable and therefore are their non-commercial activities GST-free?

- ▲ Spiritual retreats
- ▲ After-school catechism
- ▲ Adult education in the faith

A: Spiritual retreats, after-school catechism and adult education of the faith would be considered to be integral to the practice of that religion and would therefore be GST-free if supplied by a religious institution.

Religious Service

Q: To what extent will 'religious service' be applied where it occurs outside a place of worship? For example, would religious residential retreats be classified as GST-free?

A: If the residential retreat is considered integral to the practices of the religion and is supplied by a religious institution, then it will be GST-free. It does not matter that those practices occur outside a place of worship.

Volunteers

Q: Many organisations, including churches, depend upon volunteers to maintain their outreach and community services. How will volunteers and organisations, largely staffed by volunteers, be affected by the introduction of the GST?

A: Churches, if registered, will be able to claim input tax credits for the GST paid on creditable acquisitions used in making taxable or GST-free supplies. No GST is payable on volunteer labour. Volunteers may need to be trained to meet the organisations' GST responsibilities.

Volunteer Expenses

Q: Will the expenses that churches incur to support their volunteers and helpers be treated as legitimate input tax credits? If churches are registered and they pay GST on acquisitions to support their volunteers, they will be entitled to input tax credits on those acquisitions. There will be an increase in 'out of pocket' expenses for volunteers. As volunteers are not 'entities' they cannot claim input tax credits. How will this be treated?

A: The volunteers' 'out of pocket' expenses will have to be borne by the volunteers themselves. According to the Charities Consultative Committee, there is no provision for a charity to claim input tax credits on acquisitions made by volunteers (input tax credits can be claimed for reimbursing employees). The acquisition must qualify as a creditable acquisition for the charity to be able to claim an input tax credit.

Honorariums

Q: Are payments made by way of honorariums, such as visiting preachers or guest speakers, subject to GST?

A: Payments made to a guest speaker who is registered will be subject to GST where the activities are made in respect of the speaker's enterprise. Where the payment is in the form of wages, it will not be subject to GST.

Residences of Religious Practitioners

Q. How are presbytery expenses accounted for under the New Tax System?

A. Presbyteries, monasteries and the like usually undertake a number of activities which are integral to the practice of that religion including the preparation of sermons, hosting Bible study groups, meeting with confirmation candidates and new parishioners, etc. A supply of residential accommodation (other than commercial residential premises) is generally input taxed under GST legislation. This means that GST is not charged on the supply and input tax credits are not available for GST paid on goods and services acquired in providing the supply.

Supply of accommodation by a church is GST-free provided at least one of the following applies:

- ▲ The supply is for consideration that is less than 75% of the market value of the supply;
- ▲ The supply is for consideration that is less than 75% of the cost to the supplier of providing the accommodation.

Where a supply of accommodation is GST-free, no GST is charged on that accommodation supply. However, the supplier is entitled to input tax credits for GST paid on goods and services acquired in order to provide the supply of accommodation. If a church fails to satisfy either of the above conditions, the general rules relating to residential rent will apply and the supply of residential accommodation will be input taxed.

Integral to Religious Services

Q: Does expenditure incurred have to be integral to the religious service to allow entitlement to an input tax credit? What supplies are considered to be integral to the provision of religious service, and therefore be GST-free, like weddings and funerals?

A: Expenditure incurred does not have to be integral to the provision of a religious service to allow entitlement to an input tax credit. However, the expense does have to

be incurred in the course or furtherance of an enterprise. Meeting the normal requirements for creditable acquisitions may include hymn books, candles and religious icons whereas, according to the Taxation Office, car hire and flowers for a funeral or wedding service would not be.

What is a Gift?

Q: When is a gift, a gift and a donation, a donation?

A: A gift must be in the nature of a 'gift'. It must be given by a donor out of generosity or benefaction. A gift is made voluntarily with no material benefit provided to the donor as a result of the gift.

Designated Gifts

Q: Will donations raised for specific items, for example, the purchase of a stained glass window, be treated the same as an unfettered donation and considered to be GST-free?

A: Donations given for a specific purpose will not give rise to a GST liability provided they are in the nature of a gift.

Retired Clergy

Q: Will payments made for the accommodation and support of retired clergy within church-owned aged care facilities be subject to GST?

A: The answer to this question depends on the type of accommodation and care provided, and the circumstances. Where the supply is made in the course of provisions of residential care, it would be GST-free. Where the accommodation is residential, it would generally be input taxed.

Fundraising - Token Sales

Q: How will the sale of small tokens such as pens, ribbons, pins and the like be treated under GST when run by charities registered for GST on allocated days such as daffodil day or red nose day?

A: Generally, where the item received by the person is equivalent in value to that of a receipt and the intention of the person was to donate money rather than purchase an item, the activity would be considered to be a donation and will not give rise to a GST liability.

Sale of Second-Hand Goods

Q: Where donated second-hand goods are received by a parish/congregation and sold without changing their character, the sale will be GST-free. What approach should a charity employ in distinguishing between 'new' and 'second-hand' goods received as donations in collection bins?

A: Where donated goods are received by a charity in collection bins, the commissioner will accept that all goods received in this manner are second-hand, unless the charity has information to the contrary. For example, if a clothing manufacturer has advised the charity that it will be depositing 500 new shirts in their charity bin, and these shirts are identifiable because of their labelling, packaging etc., they would not be considered second-hand goods. Where, however, an isolated shirt appears in a collection bin with labels attached and in its original packaging, this will still be considered second-hand.

Second Hand Goods - Changing the Character of Goods

Q: Where a church opportunity shop receives donated second-hand clothing, removes the buttons and/or lace, and sells them, have the buttons and lace retained their original character?

A: Yes. The character of a button (when attached to clothing) is to operate as a fastener. Merely separating the buttons from the clothing does not change this character. Similarly, the character of lace is to serve as decoration. The removal of lace from clothing does not change this character. Accordingly, the sale of buttons and lace obtained from second-hand clothing in this manner would be GST-free.

Bibles and Religious Publications

Q: Will GST be payable or charged on the purchase or sale of bibles and religious publications?

A: Yes. Religious publications offered for sale will generally be considered taxable supplies because the sale of the publication is considered to be a commercial activity. Normal GST rules will apply, that is, the church will pay GST on publications printed in Australia to the supplier, or to Customs in relation to books and other printed material imported into Australia. The church will be entitled to an input tax credit in relation to creditable acquisitions or importation provided that the organisation is registered for GST purposes.

Sale of Church Buildings

Q: Will the sale of buildings owned by churches that use them for non-commercial GST-free activities be subject to GST?

A: The sale of buildings owned by churches, regardless of whether they were used for commercial activities is generally a taxable supply. However, there are some exceptions to this principle. If the premises are, or are intended to be used for residential accommodation, the sale will be input taxed, unless the sale constitutes the sale of new residential premises.

Tax Invoices

Q: What information is required on a complying tax invoice?

A: Supplies of less than \$1000

- ▲ Name of the supplier; the words "tax invoice" stated prominently; the ABN of the supplier; the date of issue of the tax invoice; brief description of each item/service supplied and the GST-inclusive price of the taxable supply and where 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.

Supplies of more than \$1000

- ▲ As well as the above, the invoice should include the name of the recipient, the address or ABN of the recipient, the quantity of the goods or extent of services supplied and the GST-inclusive price of the taxable supply.

Q: Should a tax invoice always be supplied?

A: No, tax invoices are not required if the GST-exclusive value of the supply is \$50 or less. However, you should have some documentary evidence to support all input tax credit claims.

Gift Fund

Q.:What is a gift fund?

A: A gift fund is a separate fund that a DGR maintains to receive gifts of money and property made for its principal purpose (or the principal purpose of the fund, authority or institution for which the DGR is endorsed). A gift fund can act as a conduit for passing on gifts to beneficiaries of the DGR or as a means of purchasing goods and services that the DGR uses in carrying out its principal purpose. For example, the gift fund for a library might be used to buy library books or to organise fundraising activities.

The gift fund must:

- ▲ receive all gifts of money or property made for the principal purpose
- ▲ receive any money received because of such gifts
- ▲ not receive any other money or property, and
- ▲ be used only for the principal purpose of the DGR (or,
- ▲ where endorsement is in relation to a fund, authority or
- ▲ institution operated by the DGR, the use must be for the
- ▲ principal purpose of that fund, authority or institution).

For example, a gift fund for a school building fund could not be used to pay teachers' salaries.

Q: How do you set up a gift fund?

A: If an organisation seeks DGR endorsement in its own right, it must establish a gift fund for the organisation as a whole. If an entity seeks endorsement for a fund, authority or institution that it operates, it must establish the gift fund for that part of its organisation only. The legislation does not prescribe how a gift fund is to be constituted. It may be established under the DGR's constituent documents or it may have separate rules governing its operations.

A DGR with multiple endorsements must operate a gift fund for each fund, authority

or institution for which it is endorsed. Each fund should be identifiable by its own name. For example, a school will need to maintain (and name) separate gift funds for its building fund and library fund.

A gift fund does not need to be a public fund (that is, a fund to which the public contributes and in whose administration the public participates). Nor will a public fund necessarily satisfy all the requirements for a gift fund.

Q: How do you operate a gift fund?

A: The money and property of the gift fund must be clearly separate from the entity's other money or property. Property items must be specifically identified.

Income Tax Exempt Charity (ITEC)

Q: Do the endorsement requirements for income tax exempt charities (ITECs) include churches?

A: Yes. Churches are charities for tax purposes. From 1 July 2000, charities must be endorsed if they wish to gain or maintain income tax exempt status. You will receive an application form for ITEC endorsement if you answer 'Yes' at question 10 on your application for an Australian Business Number (ABN).

If you wish to apply for an ABN, you can request an application form by phoning 13 24 78, or you can obtain one from a newsagent.

Q: What is meant by "endorsement"?

A: Endorsement is the new approval process for charities that are seeking or wish to retain income tax exemption.

14. Glossary of Terms

Acquire

Acquire includes buying goods and services for your enterprise, and other transactions as explained in the definition of acquisition.

Acquisition

Acquisition is a very broad term. It includes what you buy (goods and services and anything else) for your enterprise. It also includes many other transactions, such as obtaining advice or information, taking out a lease of business premises or hiring business equipment.

Adjustments

Adjustments are the changes you may need to make on your Business Activity Statement (BAS) to increase or decrease your net GST amount payable or refundable for a tax period.

The changes may be needed to:

Vary the GST payable on supplies you have made because something has happened to change the GST payable by you; or

Vary the input tax credits for your acquisitions because something has happened to alter the amount of input tax credits you claimed on a previous BAS.

Adjustment Note

Adjustment notes are generally issued by suppliers. They detail changes to the consideration of a supply. You will need an adjustment note from the supplier before you can claim an adjustment on your BAS.

Attribution

Attribution rules determine to which tax periods your GST payable and input tax credits belong. The rules for attributing GST payable and input tax credits to tax periods are different, depending on whether you account on a cash basis or accrual basis.

Australian Business Number (ABN)

The ABN is the new identifier for your dealings with the ATO and for future dealings with other Government departments and agencies.

Branch

An organisation registered for GST may choose to register a branch or branches separately for GST. If a branch is registered for GST separately, it effectively operates as a separate entity for GST purposes. To work out if an entity should register its branches, the registration turnover threshold applies to the entity as a whole, not to each branch separately.

Business Activity Statement (BAS)

This is the single form you use to account for GST and some other taxes. A BAS must be lodged by a GST registered entity for each tax period.

Charity

A charity is an organisation that undertakes charitable activities. The term 'charitable' has a technical legal meaning which is different from its everyday meaning. Activities will be charitable if they are to benefit the community, or some section of it, through:

- ▲ The relief of poverty or sickness or the needs of the aged;
- ▲ The advancement of education;
- ▲ The advancement of religion; or
- ▲ Other purposes beneficial to the community.

Consideration

Consideration has a wide meaning for GST purposes. Any payment in money or in kind (e.g. barter transaction) made in return for a supply is consideration.

Creditable Acquisition

You make a creditable acquisition if:

- ▲ You acquire a thing for a creditable purpose;
- ▲ The supply of a thing to you is a taxable supply (ie, you have been charged GST on the supply by the supplier);
- ▲ You provide, or are liable to provide, consideration for the supply; and
- ▲ You are registered or required to be registered for GST.

Creditable Purpose

This applies to something acquired in carrying on your enterprise. Acquisitions for making input taxed supplies or acquired for private use are not for a creditable purpose.

Deductible Gift Recipient (DGR)

Deductible Gift Recipients (DGRs) are entities to which donors can make income tax deductible gifts. On 1 July 2000, a new system of endorsement of an organisation as a DGR will commence and each DGR will be listed by name in the income tax legislation or have received a notice from the Australia Taxation Office stating that they have been endorsed.

Enterprise

An enterprise includes an activity or series of activities done in the form of a business, in the form of an adventure, or a concern in the nature of trade.

Entity

An entity is an individual (for example a sole trader), a body corporate (a company), a corporation sole (an ongoing paid office, for example a bishopric), a body politic, a partnership, an unincorporated association or body of persons, a trust, or a superannuation fund.

Goods & Services Tax (GST)

GST is a broad-based tax of 10% on the supply of most goods and services (i.e. transactions) in Australia, and it is paid by the final consumer.

GST-free Supply

If a supply is GST-free you do not charge GST on the supply, but you are entitled to input tax credits for anything acquired or imported for use in your enterprise.

Group

Entities, including partnerships, trusts and companies with common ownership, often operate as a group. The effect of forming a GST group is that transactions between entities within the group are not treated as taxable supplies, that is, they are not subject to GST and one member is responsible for keeping records and attending to GST transactions. Each member of the group

must have an ABN, be registered for GST, be members of the same non-profit association, have the same accounting period and method of accounting and not be a member of any other GST group.

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 enterprise but not to the extent that you use it to make input taxed supplies. You will need to have a tax invoice to claim an input tax credit (except for purchases of \$50 or less).

Input Taxed Supply

If a supply is input taxed you do not charge GST on the supply, but neither are you entitled to input tax credits for anything acquired or imported to make the supply.

Non-Commercial Activities

Non-Commercial Activities are GST-free if the following conditions are met:

- ▲ All activities are provided at no cost;
- ▲ Supplies sold for less than 50% of the GST inclusive market value of the item or less than 75% of the cost of the supply;
- ▲ Supplies of accommodation provided for less than 75% of the GST inclusive market value of the supply or less than 75% of the cost of providing the accommodation; and
- ▲ Sales of donated second hand goods that retain their original character.

Non-Profit Sub-Entities (NPSE)

Charities and most non-for-profit organisations that are income tax exempt have flexible GST registration options. Where an organisation can separately identify activities or units, and the unit maintains an independent system of accounting, an organisation has the option of treating these units as if they were separate entities for GST purposes (NPSEs).

Religious Services

The supply of religious services by a religious institution will be GST-free if the services are essential to the practice of the religion. 'Religious Service' is not confined to a service inside a church.

Supplies

Supplies include the goods and services sold in your enterprise. They also include many other transactions such as when you provide advice or information, lease out commercial premises or provide hire equipment. Not all supplies are taxable supplies.

Supply

Supply is a very broad term and includes selling goods and services, providing advice or information, and other transactions as explained in the definition of supplies.

Taxable Importations

GST is payable on importations unless the goods qualify for certain customs duty concessions or would have been GST-free or input taxed if they had been domestic supplies. GST is payable on taxable importations regardless of whether you are registered or required to be registered for GST purposes.

Taxable Supply

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. For the supply of goods or services to be a taxable supply, it must be connected with Australia. This means that, generally, anything done or made in Australia will be subject to GST.

Also to be a taxable supply the supply must involve consideration and the supplier should be, or required to be, registered for GST.

Tax Fraction

The GST is 1/11th of the price charged or paid for a taxable supply. The tax fraction can be important in:

- ▲ Isolating the GST content of a transaction; and
- ▲ Identifying the true 'income' and 'expenditure' of the entity.

Tax Invoice

A tax invoice is a document generally issued by the supplier. It shows the price of a supply and indicates whether it includes GST and may show the amount of GST. It must show other information, including the ABN of the supplier. You must have a complying tax invoice before you can claim an input tax credit on your BAS (except for amounts that are less than \$50). If a supplier that is registered for GST has not issued you with a complying tax invoice you should consider withholding payment until you receive a tax invoice.

Tax Period

A tax period is the length of time for accounting for GST on your BAS. It may be quarterly or monthly, depending on your annual turnover. Quarterly tax periods are periods of three months ending on 31 March, 30 June, 30 September and 31 December. Monthly tax periods end on the last day of each calendar month and are required to be used if annual turnover is \$20 million or more. A BAS must be lodged for each tax period.

15. Publications

The GST Start-Up Assistance Office has available a number of resources that may be useful.

Publications

The GST & Business Skills - an Action Guide

GST (Voluntary Sector) Handbook

A Guide to Managing Change, including The New Tax System

Other resources

Questions & Answers search facility

The GST Community Sector Assist Helpline - **13 30 88**

In addition the Australian Taxation Office has produced the following booklets:

Industry Booklets

Accommodation & The New Tax System

Charitable, Religious and Non-profit Organisations & The New Tax System

Charities and Non-Profit Organisation - Charity Pack

Charities and Non-Profit Organisation - Club Pack

Charities and Non-Profit Organisation - Gift Pack

Child and Aged Care & The New Tax System

The Health Industry & The New Tax System

Higher Education and Training & The New Tax system

Schools & The New Tax System

Topical Booklets

ATSI - Income Tax Concessions for Charities or PBIs under The New Tax System

Cancellation of an ABN

Change of Registration Details

Goods and Services Tax (GST)

GST Transitional Arrangements - An Overview

How to Keep your Business Records

Reporting Business Activity

Pay As You Go (PAYG)

Contacts

If you would like more information about GST and The New Tax System:

GST Start-Up Assistance Office

- ▲ Download information from the website at www.gststartup.gov.au
- ▲ Contact the GST Community Sector Assist Helpline on 13 30 88

Australian Taxation Office

- ▲ Phone the Business Tax Reform Infoline on **13 24 78**
- ▲ Download information from the website at www.taxreform.ato.gov.au
- ▲ Obtain A Fax From Tax on **13 28 60**, or
- ▲ Write to us at PO Box 9935 in your capital city.

The Australian Catholic Church Tax Working Group

- ▲ Download information from the website at www.tax.thechurch.com.au
- ▲ Contact your Diocesan or Religious Order Coordinator

Australian Competition & Consumer Commission

- ▲ Download information from the website at www.accc.gov.au
- ▲ Contact the Price Exploitation Hotline on **1300 302 502**

Commonwealth Ombudsman

- ▲ Contact the National Complaints Line on **1300 362 072**