

# GST Procedure - Tax Invoices and Accounts Receivable

## Section 1 - Background and Purpose

(1) The purpose of this Procedure is to establish a framework in which staff can confidently apply the Goods and Services Tax (GST) legislative requirements to University operations to ensure the University complies with its obligations arising from [A New Tax System \(Goods and Services Tax\) Act 1999](#).

(2) In order for the University's customers to claim a refund from the Australian Taxation Office for the 10% GST paid on sales, they must receive a valid tax invoice.

## Section 2 - Scope

(3) Refer to the [GST \(Goods and Services Tax\) Policy](#).

## Section 3 - Policy Statement

(4) Refer to the [GST \(Goods and Services Tax\) Policy](#).

## Section 4 - Procedures

### Tax Invoices

(5) In order for the University's customers to claim a refund from the Australian Taxation Office for the 10% GST paid on sales, they must receive a valid tax invoice.

(6) A valid tax invoice or recipient created tax invoice must be provided for all sales of goods and services over \$82.50 (including GST) where GST is charged.

(7) A standard invoice produced from SAP or a receipt/tax invoice where applicable must be used, but not both. For sales of goods or services less than \$1,000 (GST exclusive) a tax invoice must include:

- a. the ABN of La Trobe University;
- b. the GST-inclusive price of the sale;
- c. the words 'tax invoice' stated prominently;
- d. the date of issue of the tax invoice;
- e. the name of La Trobe University;
- f. a brief description of each thing supplied; and
- g. when GST payable is exactly 1/11th of the total price, either a statement along the lines of 'the total price includes GST', or the actual GST amount.

(8) Tax invoices for sales of goods or services of \$1,000 (GST exclusive) or more must include all of the above elements in addition to:

- a. the name of the recipient;
- b. the address or the ABN of the recipient; and
- c. the quantity of the goods or the extent of services supplied.

### **Adjustment Credit Notes**

(9) Adjustment credit notes must be raised when:

- a. all or part of a supply or purchase is cancelled;
- b. the price for a supply or purchase is altered;
- c. a supply becomes taxable or a purchase becomes creditable;
- d. a supply stops being taxable or a purchase stops being creditable;
- e. the purpose of the purchase changes; or
- f. there are bad debts or failure to pay a debt.

(10) Adjustment credit notes must contain the same information as is required in a tax invoice except the words 'tax invoice' are replaced with 'adjustment credit note'. In addition the following is required:

- a. reference to the original invoice number of the invoice that the adjustment credit note relates to;
- b. the difference between the price and the supply/supplies before the adjustment credit and the new price of the supply/supplies;
- c. the amount of the adjustment to the GST payable or a statement to the effect that the difference in the price of the taxable supply/supplies includes GST;
- d. a brief explanation of the reason for the adjustment, for example 'return of goods'.

(11) Adjustment credit notes must be raised when:

- a. all or part of a supply or purchase is cancelled;
- b. the price for a supply or purchase is altered;
- c. a supply becomes taxable or a purchase becomes creditable;
- d. a supply stops being taxable or a purchase stops being creditable;
- e. the purpose of the purchase changes; or
- f. there are bad debts or failure to pay a debt.

### **Recipient Created Tax Invoices**

(12) When the recipient of goods and services creates the tax invoice on behalf of the supplier, this type of tax invoice is known as a recipient created tax invoice (RCTI).

(13) The recipient and La Trobe University (the supplier) must satisfy the following requirements when issuing a recipient created tax invoice:

- a. La Trobe University and the recipient must be registered for GST;
- b. the recipient must issue a copy of the tax invoice to the supplier within 28 days and must retain the original;
- c. the recipient must issue an adjustment note to La Trobe University in relation to adjustment events;
- d. La Trobe University must not issue a tax invoice;

(14) All recipient created tax invoices must show:

- a. the GST-inclusive prices of a taxable supply;
- b. the words "recipient created tax invoice" stated in a prominent place;
- c. the date of issue;
- d. the name (or trading name) of La Trobe University;
- e. the name of the recipient (buyer);
- f. the address of ABN of the recipient (buyer);
- g. a brief description of each good or service supplied;
- h. the quantity or volume of each good or service supplied; and
- i. the ABN of La Trobe University.

(15) When an external party wishes to enter into an agreement with La Trobe University for recipient created tax invoices approval must be sought from Corporate Finance.

(16) La Trobe University (the supplier) and the recipient must have a written agreement set up for these arrangements. The agreement must specify the supplies to which it relates and be current and effective when any recipient created tax invoices are issued.

(17) All RCTI agreements must be signed by Corporate Finance.

(18) A central register of RCTI agreements which lists the parties and details of the RCTI agreements will be maintained. Responsibility: Corporate Finance.

(19) All RCTIs and related cheques received in departments must be sent to Accounts Receivables along with details of the relevant General Ledger account code, cost centre and/or fund.

- a. Process the RCTI in SAP duplicating the details provided on the RCTI by the external organisation and noting that it is an RCTI.

(20) If funds will be deposited directly into the University's bank account by the external organisation, notify Corporate Finance once the invoice is created in SAP.

(21) Allocate the funds against the invoice created in SAP.

## Section 5 - Definitions

(22) For the purpose of this Procedure:

- a. ABN: Australian Business Number.
- b. ATO: Australian Taxation Office.
- c. GST: Goods and Services Tax as defined in [A New Tax System \(Goods and Services Tax\) Act 1999](#).
- d. Input Tax Credit: An entitlement arising under section 11-20 or 15-15 of a New Tax System (Goods and Services Tax) Act 1999. The amount of an input tax credit for a creditable acquisition is an amount equal to the GST payable on the supply of the thing acquired.
- e. OneStop: Cash Receipting System used by the University.
- f. Recipient: Entity who receives a supply of goods or services including granting bodies.
- g. Recipient Created Tax Invoice (RCTI): An invoice which is issued by the entity that receives the taxable supply (the recipient) rather than the actual supplier. This is permitted when, at the time the invoice is created, both

the recipient and the supplier are registered for GST and have a current written agreement with each other which states the supplies which are covered. The Tax Office must have determined that those supplies are of a kind that can have RCTIs issued.

- h. ROMR: Record of monies received.
- i. Supplier: Entity who supplies goods or services.

## Status and Details

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