

GST Procedure - Tax Invoices and Accounts Payables

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 to claim a refund from the Australian Taxation Office for the 10% GST paid on purchases over \$82.50 (including GST), it must be in possession of 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 to claim a refund from the Australian Taxation Office for the 10% GST paid on purchases over \$82.50 (including GST), it must be in possession of a valid tax invoice.

(6) A valid tax invoice or recipient created tax invoice must be received for all purchases over \$82.50 (including GST) from Australian vendors where GST is charged. Every endeavour must be made to obtain a valid tax invoice or receipt from a supplier.

(7) For acquisitions less than \$1,000 (GST exclusive) a tax invoice must include:

- a. the ABN of the supplier;
- b. the GST-inclusive price of the acquisition;
- c. the words 'tax invoice' stated prominently;
- d. the date of issue of the tax invoice;
- e. the name of the supplier;
- 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 acquisitions of \$1,000 (GST exclusive) or more must include all of the above elements in addition to:

- a. the name of La Trobe University (the recipient);
- b. the address or the ABN of La Trobe University; and
- c. the quantity of the goods or the extent of services supplied.

(9) Invoices in electronic form can be tax invoices if they provide all the information required.

Claiming Input Tax Credits

(10) In the event that the University does not receive a tax invoice for amounts greater than \$82.50 (including GST) an input tax credit must not be claimed, which increases University costs by 10%.

When a Supplier Does Not Give a Valid Tax Invoice

(11) In the event that the University does not receive a tax invoice a tax code of A4 must be used and the full amount including GST will be charged to the Cost Centre.

(12) If a valid tax invoice is not given by the supplier, and the payment is yet to be made, the supplier should be contacted and requested to provide a valid tax invoice.

(13) If a supplier does not provide a valid tax invoice within 28 days after being asked to, and payment of the invoice has already been made, permission to claim the GST credit may be granted by the ATO. The ATO is contacted via email (at GSTmail@ato.gov.au) and provided with the following information.

- a. name, contact details;
- b. documents relating to the purchase;
- c. the name, address and ABN (if known) of the supplier;
- d. the nature, purpose and quantity of the purchase;
- e. the amount paid or payable, and the amount of GST included; and
- f. the steps that have been taken to obtain a tax invoice.

(14) If permission is granted by the ATO, a journal will be done to claim the input tax credit which was originally denied.

(15) Under the PAYG withholding system, if a supplier does not quote an ABN on invoices to the University, the University is required to withhold tax at the top marginal rate plus Medicare Levy, (i.e. 49.0% from their payment). The 49.0% ABN withholding requirement is waived if the University is satisfied that the supplier does not require an ABN. In these circumstances the supplier will need to provide a completed "Statement by Supplier" form that states they are not required to quote an ABN.

(16) An entity's ABN, its GST registration status, the type of entity and the legal name can be verified through the Australian Business Registry website: <http://www.business.gov.au>

Lost Tax Invoices

(17) If a tax invoice is lost and a copy cannot be obtained from the supplier:

- a. a statutory declaration outlining the full details of the transaction over the value of \$82.50 (GST inclusive), must be provided for all invoices to be processed, expenses to be reimbursed or credit card transactions;
- b. for transactions of a value of \$82.50 (GST inclusive) or less a written statement must be submitted by the

claimant outlining the full details of the transaction, signed by the claimant and endorsed by the claimant's supervisor;

- c. where the transaction price has been subject to GST, no claim for the GST amount can be made by the University where no tax invoice is available.

(18) The statutory declaration and statement are not substitutes for official tax invoices. They are evidence that the expenditure was incurred on behalf of the University only and their presence does not allow the University to claim a credit for the GST.

(19) A tax code of A4 must be used and the full amount including GST will be charged to the Cost Centre.

Adjustment Credit Notes

(20) Adjustment credit notes must be raised when:

- a. a supply or acquisition is cancelled;
- b. the consideration for a supply or acquisition is changed;
- c. a supply becomes taxable or stops being taxable; or
- d. an acquisition becomes creditable or stops being creditable.

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

- a. reference to the number of the original invoice which 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 'discount' or 'return of goods'.

Recipient Created Tax Invoices

What is a Recipient Created Tax Invoice?

(22) 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).

(23) The recipient and supplier must satisfy the following requirements when issuing a recipient created tax invoice:

- a. the supplier 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 the supplier in relation to adjustment events;
- d. the supplier must not issue a tax invoice.

(24) All recipient created tax invoices must show:

- a. the ABN of the supplier;
- b. the GST-inclusive prices of a taxable supply;
- c. the words "recipient created tax invoice" stated in a prominent place;
- d. the date of issue;
- e. the name (or trading name) of the supplier;

- f. the name of the recipient (buyer);
- g. the address of ABN of the recipient (buyer);
- h. brief description of each good or service supplied; and
- i. the quantity or volume of each good or service supplied.

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

(26) La Trobe University (the recipient) and the supplier 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.

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

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

(29) The RCTI is created at Corporate Finance and a copy of the RCTI is attached to the claim form. The payment for the invoice should be actioned immediately (the next available payment run). The original RCTI (and cheque if applicable) must be sent to the supplier within 28 days of raising it. A copy of the RCTI will be forwarded to the department receiving the supply.

(30) If there are any variations to the RCTI, the University must also issue any adjustment notes that are required.

Section 5 - Definitions

(31) For the purpose of this Procedure:

- a. ABN: Australian Business Number. The ABN is a public number that gives businesses in Australia a single identification number to use when dealing with a range of government departments and agencies.
- b. Acquisition: The purchase of goods or services.
- c. ATO: Australian Taxation Office.
- d. GST: Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999.
- e. 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 acquisition.
- f. Recipient: Entity who receives a supply of goods or services.
- 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 where both the recipient and the supplier are registered for GST and at the time the RCTI is issued, they have a current written agreement with each other which states which supplies are covered. The ATO must have determined that those supplies are of a kind that can have RCTIs issued;
- h. Supplier: Entity who supplies goods or services.

Status and Details

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