

# GST - Header Procedure

## 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.

## Section 2 - Scope

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

## Section 3 - Policy Statement

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

## Section 4 - Procedure

### Part A - How Does the GST System Operate?

(4) As the University is registered for GST, it is liable to collect GST at the rate of 10% on taxable supplies it makes to its customers. The University is also entitled to claim back a credit for the amount of GST paid to its suppliers provided it has obtained a valid 'tax invoice' from them. GST claimed back is known as 'input tax credits'. The University effectively acts as a collector of the GST and the ultimate burden for GST falls on the private consumer of goods and services.

(5) The University is required to report to the ATO the total GST collected and input tax credits claimed for each tax period via the lodgment of a monthly Business Activity Statement (BAS). The accounting method used to account for the GST is the accrual method. This means that GST is payable at the time a tax invoice is sent to University customers and input tax credits are claimable when a tax invoice is received from the University's suppliers.

(6) The University must pay to the ATO the net amount of GST collected on taxable supplies minus the amount of input tax credits paid on its business purchases. If the input tax credits for a tax period exceed the GST collected, the University will be owed a GST refund.

### Part B - Types of GST Supplies

(7) The GST legislation lists three types of GST supplies;

- a. Taxable Supplies (Refer Part C)
- b. GST-free Supplies (Refer Part D)
- c. Input Taxed Supplies (Refer Part E).

(8) The following table summarises the GST treatment of each type of GST supply:

<b>University Supply</b>	<b>Taxable</b>	<b>GST-free</b>	<b>Input Taxed</b>
Collect 10% GST on Supply	Yes	No	No
Able to claim GST paid on acquisitions relating to making that supply?	Yes	Yes	No

## Part C - Taxable Supplies

(9) Procedure:

- a. Receipts that are Taxable Supplies: use GST code G1
- b. Expenses that are Taxable Supplies: use GST code A1
- c. Asset Purchases: use GST code A2.

(10) A Taxable Supply is not limited to a sale, and covers a very wide range of transactions. An entity only makes a taxable supply if all of the following criteria, known as the “Basic GST rules”, are satisfied:

- a. there must be a supply
- b. the supply must be made for consideration
- c. the supply must be made in connection with an enterprise carried on by the supplier
- d. supply must be connected with Australia
- e. the supplier must be registered or be required to be registered for GST; and
- f. the supply must not be GST-free or Input Taxed.

(11) A supply is any form of supply whatsoever and includes:

- a. supplying goods (this means any form of tangible personal property)
- b. supplying services
- c. providing advice or information, i.e. consultancy
- d. granting, assigning or surrendering real property
- e. creating, granting, transferring, assigning or surrendering any right;
- f. a financial supply
- g. an entry into, or release from, an obligation:
  - i. to do anything; or
  - ii. to refrain from an act; or
  - iii. to tolerate an act or situation.

(12) Consideration means, in effect, just about anything of value that can be exchanged for a supply of goods and services. It can be cash or non-cash. In the straightforward example of a sale of goods for money, the consideration is simply the payment. Consideration also includes situations where you do something or refrain from doing something (e.g.: In-kind arrangements).

### Connected with Australia

(13) A connection with Australia is established where:

- a. Goods are:
  - i. delivered in Australia

- ii. made available in Australia
- iii. removed from Australia
- iv. imported into Australia; or
- v. installed, or assembled in Australia.

(14) Real property (including buildings or the land to which the real property relates) is:

- a. in Australia.

(15) A supply of things other than goods or real property occurs (e.g. services) and:

- a. the thing is done in Australia; or
- b. supplied through an enterprise the supplier carries on in Australia.

(16) For more information please see the GST Ruling GSTR 2000/31 "Supplies connected with Australia".

### **GST Registration and Australian Business Number (ABN)**

(17) Entities carrying on an enterprise must register for GST if their annual turnover is at or above the registration turnover threshold of \$75,000 (\$150,000 or more if they are a non-profit organisation). Entities carrying on an enterprise with an annual turnover below the relevant threshold may choose to register for GST. GST Registration is important for a number of reasons, namely:

- a. Input tax credits (i.e. GST paid) can only be claimed if the purchaser is registered; and
- b. GST can only be charged on a sale or supply if the supplier is registered, except in the case of imports.

(18) The ABN is a single, unique business identifier to be used for the GST and various other tax-related purposes. For the GST system, the ABN also acts as the University's GST registration number.

(19) 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 and from 1 July 2014 it also includes the budget repair 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.

(20) 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>

(21) La Trobe University has been registered for an ABN and GST since 1 July 2000. The registration details are:

- a. La Trobe University Australian Business Number: 64 804 735 113

## **Part D - GST-free Supplies**

(22) Procedure:

- a. Receipts (excluding exported goods) that are GST-free Supplies use GST code G0
- b. Receipts arising from exports of goods that are GST-free Supplies use GST code G3
- c. Expenses that are GST-free Supplies use GST code A0
- d. No GST on supply: A3.

(23) If a supply is GST-free, the supplier cannot charge GST on the supply, but the supplier is entitled to claim input tax credits for the GST payable on its business purchases related to making the GST-free supply.

(24) The main categories of GST-free supplies include:

- a. Education
- b. Health and medical care
- c. Food
- d. Child care
- e. A supply by a charity (e.g. a University) provided at less than 50% of market value, or less than 75% of cost incurred in providing the supply
- f. Exports
- g. International travel
- h. International mail
- i. Sale of a business
- j. Crown or farm land
- k. Supplies through inwards duty free shops
- l. Cars for disabled people
- m. Certain activities of charities and gift-deductable bodies
- n. Water, sewerage and drainage
- o. Certain supplies under contracts made before 8 July 1999.

## Part E - Input Taxed Supplies

(25) Procedure:

- a. Receipts that are Input Taxed Supplies use GST code G2
- b. Expenses that are Input Taxed Supplies use GST code A4
- c. If a supply is "input taxed", the supplier cannot charge GST on the supply, and the supplier normally cannot claim input tax credits for the GST Payable on business purchases that relate to that supply.

(26) The main categories of input taxed supplies include:

- a. Financial supplies such as loans, dealings in money and issuing securities
- b. Certain fund-raising activities of charities
- c. Sale of residential premises (other than new residential premises)
- d. Residential rent (including student accommodation), unless the charge is less than 75% of GST inclusive market value, or less than 75% of the cost incurred in providing the accommodation, in which case the supply will be GST-free.

## Part F - GST Codes used in SAP

(27) The following table lists the GST codes used when processing transactions in SAP:

GST Code	Type of GST Supply	Description of Transaction	Rate of GST
A1 A2#	Taxable	University supply or Acquisition with 10% GST. A valid tax invoice is held for purchases. # Asset Purchases	10%

GST Code	Type of GST Supply	Description of Transaction	Rate of GST
G0	GST-free - receipt	University GST-free income	0%
A0	GST-free - Expense	University GST-free expenditure - i.e. payables	0%
G2/ A4	Input Taxed	See Part E above	0%
G3	Export Goods	An export of University goods - See Part I below	0%
G4		Debit adjustment (to adjust input tax credits) Applied by Accounts Receivable, finance division for credit notes on advice from request to raise credit memo form	10%
AZ	GST Not Applicable	Supplier has no ABN; or no valid tax invoice held; the transaction is outside the scope of the GST, e.g. an appropriation - See Part I below	0%
A4	Private Acquisition	Non business related; or non-deductable expenses e.g. 50% of meal entertainment - See Part I below	0%
G1/ A1	GST Amount Only	Only to be used by Finance where GST component is invoiced separately	-
A8		Credit adjustments for credit notes	

(28) The amount of GST paid will not be reflected in a department's expenditure providing a valid tax invoice has been obtained. If no tax invoice is held, the GST code A1/G1 must be used and the GST will be added to the expense charged to that department's cost centre.

## Part G - GST Status of Specific Transactions

### EDUCATION

(29) The Education Industry and its activities have not been classified as exempt from GST, although there are some concessions. Each type of education activity needs to be looked at separately:

- a. Education Courses
- b. Administrative Services
- c. Course Materials
- d. Excursions and Field Trips
- e. Lease or Hire of Curriculum Related Goods
- f. Student Accommodation.

(30) The ATO has issued a GST Ruling specifically addressing Tertiary Education and GST. For more information please refer to the consolidated version of GST Ruling GSTR 2001/1 "Supplies that are GST-free for tertiary education courses".

### EDUCATION COURSES

(31) The supply of an education course is GST-free. The courses supplied by the University that fall into this category are:

- a. Secondary and Tertiary Courses
- b. Masters or Doctoral Courses
- c. Adult and Community Education Courses
- d. English Language Courses

- e. Special Education Course
- f. First Aid and Life Saving Courses
- g. Tertiary Residential College Courses
- h. Professional or Trade Qualification Courses.

(32) It is important to note that some short courses run by the University may not fall into the above categories and may be subject to GST. For example, a course run for an external body that is not an accredited course. If you are not sure about any of your short courses, please contact the Finance and Tax Accountant.

(33) The Tax Office considers that the GST-free supply of the course includes the provision of:

- a. Tuition;
- b. Facilities; and
- c. Curriculum-related activities and instruction.

(34) In the case of tertiary bodies such as La Trobe University, “facilities” include buildings, libraries, sports grounds, computer and science laboratories, and course related access to the Internet.

(35) “Curriculum-related” activities include visits to the University by organisations such as theatre companies, and science fairs. “Curriculum-related” instruction includes remedial or advance teaching or instruction by external tutors engaged by the University.

(36) Note: Recreation, leisure and personal enrichment courses run on a non-award basis are not treated as education courses and are not GST-free.

### **Secondary and Tertiary Courses**

(37) These are the same courses that entitle students to student assistance under social security legislation. This category of GST-free courses includes accredited secondary courses, school based apprenticeship or traineeship courses, English as a second language (ESL), pre- vocational courses, remedial education or courses that aim to achieve basic skills to prepare students for further education, approved vocational, educational and training programs, opening learning courses, and higher education courses such as bachelor degrees, postgraduate diplomas, graduate degrees and masters qualifying courses.

(38) Hobby courses are excluded from the above categories and are subject to GST.

#### Single Units of Tertiary Courses

(39) If one unit of an approved tertiary course is supplied, and the recipient is enrolled in that unit, the supply of the unit is GST-free. If the unit is not from an approved course, it is taxable, unless it is exempted on some other basis. If a course consists partly of accredited units and partly of non-accredited units, GST should be apportioned accordingly.

### **Masters or Doctoral Courses**

(40) A course of study or instruction accredited at Masters or Doctoral level and supplied by a higher education institution or a non-government higher education institution is GST-free.

(41) Please refer to GST Ruling GSTR 2001/1 “Supplies that are GST-free for tertiary education courses” for more information.

### **Adult and Community Education Courses**

(42) Adult and Community Education (ACE) courses provided by the University are GST-free, provided that they are

likely to add to the employment-related skills of people undertaking the course.

(43) The courses must be available to adults in the general community. They do not include courses provided or arranged by the University for its employees, unless that course is open to the general community.

(44) The Tax Office considers that a course meets the requirement that it be likely to add to employment-related skills if, on an objective basis:

- a. It is directed at people who want to add to their employment-related skills
- b. The skills and the means of imparting them are clearly identified; and
- c. There is a reasonable expectation that the skills will be used in a work environment, rather than for recreational, hobby, artistic or cultural purposes.

(45) The Tax Office will also take into account how the course is marketed, whether it is similar to accredited vocational education and training programs and whether it is likely to help people develop skills that might either assist them in their current employment or enable them to find employment. The skills would include basic literacy and numeric skills, as well as new skills and the development of existing skills. Courses in preparing for work, computer skills and job seeking would be eligible.

(46) The Tax Office considers that recreational courses such as belly dancing, cooking, picture framing, environmental issues or financial planning would not be eligible unless they were promoted, targeted and structured for people already working or wishing to obtain work in those areas.

(47) For more information please refer to GST ruling GSTR 2000/27 "Adult and Community Education Courses".

### **English Language Courses**

(48) Accredited education courses for overseas students, which include education in the English language are GST-free. The current ATO view is that overseas students must have entered Australia on a student visa for the course to be GST-free. Refer ATO Interpretive decision ID 2005/248.

### **Special Education Courses**

(49) A special education course is GST-free and is a course of education that provides special programs designed specifically for children and/or students with disabilities.

### **First Aid and Life Saving Courses**

(50) These are GST-free and are courses of study or instruction that principally involve:

- a. First aid, resuscitation or similar lifesaving skills, including personal aquatic survival skills (but not swimming lessons)
- b. Surf lifesaving; and
- c. Aero-medical rescue.

(51) In each case, a government-approved body must conduct the course.

### **Tertiary Residential College Courses**

(52) A course supplied in connection with a tertiary course or a Master or Doctoral course at premises that are used to provide accommodation to students undertaking tertiary courses or Masters or Doctoral Courses are GST-free.

(53) Please refer to GST Ruling GSTR 2001/1 "Supplies that are GST-free for tertiary education courses" for more information.

## **Professional or Trade Qualification Courses**

(54) Courses leading to qualifications that are “essential prerequisites” for entering into or commencing the practice of a particular profession or trade in Australia are GST-free.

(55) To be an “essential prerequisite” of a profession or trade, the qualification must be imposed by:

- a. An Australian law or award, order, determination or industrial agreement; or
- b. A professional or trade association that has uniform national requirements for entry or commencing practice into that profession or trade.

(56) If neither (a) nor (b) applies but there is a professional or trade association in a State or Territory that has requirements for entering into or commencing the practice of a particular profession or trade concerned by that association, the course will also be GST-free.

(57) A distinction is to be made between courses undertaken to obtain qualifications and courses undertaken to maintain them. Courses to maintain qualifications – such as undertaking continuing professional development (CPD) to retain membership of a professional body are taxable. Therefore CPD seminars are taxable.

(58) Please refer to GST Ruling GSTR 2003/1 “Supplies that are GST-free as professional or trade courses” for more information.

## **ADMINISTRATIVE SERVICES**

(59) Charges by the University for administrative services that are directly related to a GST-free course are themselves GST-free. This would include: (this list is not exhaustive)

- a. enrolment processing
- b. issue of identity cards
- c. assessment of students
- d. processing of academic results
- e. record keeping
- f. library fees for lost, damaged or late books, (NOTE: fines equivalent to the price of a book are considered taxable).

(60) Placement, Waiting List and Withdrawal Fees Fees charged for confirming a student’s place at the University are GST-free. However, if payment of the fee does not guarantee entry (e.g. a waiting list fee), the Tax Office considers that the fee will be subject to GST.

(61) If a student withdraws from a course and forfeits part of the tuition fees, the amount forfeited remains GST-free.

(62) General Service Fee (GSF) & Building Levy (BL)

(63) These charges are considered part of the supply of facilities that are required for the delivery of an education course and are GST-free. Re Para 60 of GSTR 2001/1.

## **Student Organisations**

(64) Fees paid for membership of a student organisation are not treated as part of an education course and are taxable. Student organisations include student unions, student representative councils and sports associations.



## **COURSE MATERIALS**

(65) Certain course materials provided for a subject in an education course are GST- Free. The materials must be provided by the University (not a third party, unless an agency agreement exists), and must be “necessarily consumed or transformed” by the students. The Tax Office considers that the following are course materials and are GST-free when supplied by the University or its agent:

- a. Photocopied or printed educational materials that specifically relate to the course
- b. Course notes for a particular course
- c. Unexposed film and developing chemicals
- d. Art supplies
- e. Chemicals used in a chemistry lesson or wood used in wood working class
- f. Work books that provide space for students to complete exercises, etc; and
- g. Consumable stationery items prescribed as necessary to the course.

(66) Other goods which are sold

Goods other than course materials that are sold by the University are taxable. This applies, for example where lab coats, protective glasses, sports clothes, musical instruments, equipment or textbooks sold to students.

## **EXCURSIONS AND FIELD TRIPS**

(67) An excursion or field trip is eligible for GST-free status if it:

- a. Is directly related to the curriculum of an education course; and
- b. Is not predominantly recreational; and
- c. Is not a supply of food and/or accommodation.

(68) If the University pays a third party to provide all or part of an eligible GST-free trip, the provision of those services to the University will be subject to GST and the University can claim an input tax credit for the GST component. The subsequent provision of the trip to the students by the University will remain GST-free. However, if the students pay the third party direct, without the interposition of the University, the trip will be subject to GST for the students.

(69) In deciding whether it is predominantly recreational, you should take into account the proportion of the trip spent on recreational activities, in terms of both time and money. ‘Predominantly’ is not defined in the GST legislation and takes on its ordinary meaning.

### **Example 1 - Predominantly recreational & subject to GST**

(70) Students who are studying automotive mechanics at La Trobe University go on an excursion to a car-racing event. The students are charged \$60 each to cover the cost of the excursion. On their arrival at the race venue the students spend an hour in the pits with the pit crews observing and learning about techniques that are used on high performance vehicles. They spend the next four hours watching the car racing before returning to La Trobe University. As this trip is predominantly recreational, La Trobe University is required to account for GST on the supply of the trip.

### **Accommodation and Food**

(71) The accommodation component is not GST-free. Whether food provided as part of the excursion is GST-free depends on the normal food rules as set out in section 38-2 of the GST Act. For example, if the food were provided at eat-in facilities, it would be subject to GST under Section 38-3.

## **LEASE OR HIRE OF CURRICULUM RELATED GOODS**

(72) The lease or hire of curriculum-related goods to tertiary students is taxable.

## **STUDENT ACCOMMODATION**

(73) Accommodation provided to tertiary students at University halls or colleges is treated as non-commercial residential accommodation and is input taxed (Refer 6.5 Input Taxed Supplies). Therefore no input tax credits can be claimed on acquisitions relating to providing student accommodation.

(74) There is an exception to the above rule because the University is a charity for tax purposes. Student accommodation will be GST-free where the rent charged is:

- a. less than 75% of market value of the rent; or
- b. less than 75% of the total costs incurred in providing the accommodation.

(75) In order to utilise this GST-free treatment, the relevant department responsible for setting student rental fees must monitor its pricing structure and costs (if applicable) to ensure the relevant limit is not breached. The rent charged should be reviewed on annual basis in light of the 75% threshold. The University should utilise the ATO's student accommodation market value calculator to determine whether the 75% threshold is breached.

## **GRANTS AND DONATIONS**

(76) Grants are generally subject to GST. However, Universities use the term "grant" loosely, whereas the ATO relies on a very tight definition of the word. This can create some confusion in the University context. Some Grants are Appropriations (Refer to Appropriations, below) and not subject to GST, and vice versa.

### **GRANTS (GENERAL)**

(77) Grants or subsidies paid to the University without any strings or conditions are not subject to GST.

(78) However, if a grant is paid to the University for a specific purpose or is subject to conditions GST will apply.

(79) The existence of a contract, agreement or a memorandum of understanding often indicates that a grant is subject to GST. Each and every grant needs to be reviewed on its own merits to ascertain whether it is subject to GST or not.

Note: GST will not apply if the only condition imposed is purely peripheral to the grant. For example, a grant may simply be conditional on the University providing information on how the grant is being spent. The Tax Office considers that this does not necessarily mean that the grant is consideration for the information unless the grantor gets some benefit from the information, or the grant is made for the specific purpose of getting that information. Such grant conditions need to be reviewed to ascertain whether GST applies.

(80) For more information please refer to GST Ruling GSTR 2000/11 "Grants of Financial Assistance".

### **DONATIONS**

(81) A donation in the form of a payment, in cash or in kind, that is made unconditionally, is not subject to GST. This is because no benefits or rights flow back to the donor as a result of the payment and the recipient does not have to use the donation for a particular purpose.

(82) Equally a repayment clause is not of itself determinative of whether a financial assistance payment GST would apply. Rather, the repayment obligation is to be taken into account in the broader context of the arrangement as a whole and may be relevant in determining whether the financial assistance payment is consideration for a supply made by the payee.

(83) When conditions are placed on a donation the GST status of the donation will depend on whether the conditions provide a 'material advantage' to the donor.

### **What Qualifies as Being a Condition on a Donation?**

(84) A 'condition' has a broad meaning. A condition placed on a donation need not be commercially significant in order for GST implications to apply. However, conditional donations will only be subject to the GST if they confer a 'material advantage' to the donor.

(85) A 'material advantage' is not specifically defined in the GST legislation. However, from the guidance provided in GSTR 2012/2, conditions such as an obligation to simply account for use of money donated, or provide accounting or reporting information on how the donation was expended, are examples of supplies which provide no material advantage to the donor.

(86) What happens where conditional donations contain a 'Material Advantage'?

(87) If conditional donations contain a 'material advantage' GST will be payable. In the case of cash donations GST will be payable by LTU. Therefore 1/11th of the funds received will need to be paid to the Tax Office.

(88) If a non-cash donation is made by a donor and LTU has provided consideration in return for the non-cash item (i.e. conditions they must fulfil), GST will be payable by both the donor and donee equal to 1/11 of the value of the non-cash donation.

### **FOREIGN GRANTS**

(89) The GST legislation is not intended to discourage overseas funding of research. Broadly speaking, provided certain conditions are met, goods that are exported, or supplies of services or things other than goods or real property, that are for consumption outside Australia are GST-free.

(90) GSTR 2012/2 "Grants of Financial Assistance" should be read in conjunction with GST Ruling GSTR 2000/31 "Supplies connected with Australia".

(91) Each grant or contract will have to be considered with regard to its facts and circumstances.

### **RESEARCH GRANTS**

(92) Research grants received by the University are likely to be considered as taxable supplies and therefore will give rise to a GST liability. This is because the University generally undertakes to provide research in return for the grant money. This is a supply for the purposes of the GST legislation.

(93) Generally, where research is provided to an overseas entity and is not supplied to an Australian entity, the transactions are treated as GST-free Exports of services (as long as other requirements are met) refer Exports, below.

### **APPROPRIATIONS**

#### **What is an Appropriation**

(94) An appropriation as defined by the ATO ruling GSTR 2006/11 Goods and Services Tax: Appropriations, as a payment of a funding nature made by a government related entity to another government related entity (or agency etc.) which is specifically covered by an appropriation under an Australian law. GST does not apply to appropriations because appropriations are technically out of scope, i.e. appropriations are not contemplated in the GST legislation.

(95) As such, where the grant is considered to be an appropriation from the Government to La Trobe it will not be subject to GST (per section 9-17 of the GST Act) This will be the reason why a GST clause may not be in the contract with the Government.

(96) There is general agreement between Universities that Collaboration Agreements between universities should not include GST clauses either unless there is a margin on the services provided in which case the commercial test would be satisfied and the receiving university should be charged GST (on that portion where there is a margin on the service). It follows then that in situations where services provided by La Trobe are commercial/non-core related La Trobe should charge GST. Likewise, La Trobe should ordinarily pay the GST if invoiced by another University for commercial/non-core services which La Trobe can claim it back through the BAS return.

(97) To be clear about the existence or otherwise in the agreement of commercial/non-core related services or services which include a profit margin, (i.e. services which are not cost recovery in nature), will require an examination of the contract.

(98) Despite the above rules, at times, La Trobe University is going to receive from other universities invoices for grant funding which include GST. Rather than going back to the other university and requesting a credit note, La Trobe will claim this GST through its BAS return.

(99) You should contact the Financial and Tax Accountant if you are unsure about the services to be provided, if you would like the contract reviewed, or if you have any questions or issues.

### **Fee for Service**

(100) Any payment from a government entity to the University that is not an appropriation is generally classified as an ordinary fee-for-service arrangement. The GST treatment of such an arrangement will depend on whether the supply provided by the University is taxable, GST-free or input taxed.

### **Subsequent Use of Appropriation Funding is Subject to GST**

(101) Once the appropriation funding is transferred to a particular government related entity, to be used in the course of its operations, any subsequent payments of those funds to a government related entity are not specifically covered by the appropriation and will be subject to the basic GST rules (Refer 6.3 Taxable Supplies).

## **EXPORTS**

(102) As GST is primarily a tax on consumption in Australia, it is not intended to apply to things that are not consumed in Australia, such as exports. Exports are therefore GST-free providing certain conditions are met.

### **EXPORT OF GOODS**

(103) A supply of goods is GST-free if the University exports them from Australia before, or within 60 days after, receiving any of the payment for them. If the goods have been invoiced before any payment is made, they must be exported before, or within 60 days after, the invoice is given.

(104) If the export contract provides for payment by instalments, the goods must be exported before, or within 60 days after any of the final instalment has been received. If that instalment has been invoiced before any amount has been paid for it, the goods must be exported before, or within 60 days after, the invoice has been issued.

(105) If the export has not been made within the allowable period, the export loses its GST-free status and GST must be charged.

(106) Note: The export is not GST-free if the University re-imports the goods back into Australia.

### **EXPORT BY PURCHASER**

(107) It may happen that an overseas purchaser of goods buys them from the University, takes delivery in Australia and later exports the goods. The University treats this as an export of the goods, if the following conditions are met:

- a. The overseas purchaser is not GST-registered, or required to be registered
- b. The goods must be “entered for export” with customs
- c. The overseas purchaser must not alter the goods in any way, except to prepare them for export; and
- d. The University has documentary evidence that the purchaser actually exported the goods.

(108) If these conditions are not met, GST will be payable, and the overseas purchaser would have to be registered in order to claim an input tax credit.

(109) For more information please refer to GST Ruling GSTR 2002/6 “Export of Goods”.

## **EXPORT OF SERVICES AND OTHER THINGS**

(110) The supply of the following services or rights are GST-free:

- a. A supply made by the University that is “directly connected” with goods or real property outside Australia
- b. A supply made by the University to a non-resident who is not in Australia at the time. The supply must not be a supply of work physically performed on goods in Australia at the time the work is done, or a supply directly connected with real property in Australia. Alternatively, the non-resident must acquire the thing in carrying on its enterprise, but not be registered or required to be registered. This could therefore extend GST-free treatment to services to non-residents such as consultancy services

(111) This exemption does not apply if under an agreement with the non-resident the services will be provided to someone in Australia. For example, if overseas parents are billed for services to be provided to their children in Australia, this exemption will not apply

- a. A supply that is made to a recipient who is not in Australia at the time, where the “effective use or enjoyment” takes place outside Australia. Again, the supply must not be of work physically performed on goods in Australia at the time, or a supply directly connected with real property in Australia. This exemption is also intended to apply if, under an agreement with an Australian resident, the supply is made to someone outside Australia (e.g. a supply by the University to an Australian business of a training course to be conducted overseas).

## **IMPORTS**

(112) What is a taxable importation?

The University makes a taxable importation when goods are imported and cleared for home consumption. An importation is a non-taxable importation if:

- a. The sale of the imported goods within Australia would have been GST-free or input taxed; or
- b. The importation is covered by Schedule 4 of the Customs Tariff Act 1995 which provides a specific exemption for certain goods; or
- c. Goods with a customs value less than \$1,000 delivered by post or \$250 if delivered by other means such as sea or air cargo.

### **Who pays the GST?**

(113) GST is payable by the University as the importer. The GST is calculated as 10% of the value of the importation. The value is the CIF (customs, insurance and freight) value. This is worked out by adding up:

- a. The customs value
- b. Additional costs of transporting the goods to their place of consignment in Australia, excluding loading and handling in Australia, but including insurance; and

- c. Any customs duty or wine tax.

## **REIMBURSEMENTS AND RECOVERIES**

### **REIMBURSEMENTS**

(114) The University can claim input tax credits where it purchases items needed by its employees to do their job. If the employee makes the purchase on his or her own account, the employee cannot claim input tax credits for the GST on the purchase because they are not themselves carrying on an enterprise.

(115) In the event that an employee, volunteer or agent acts on behalf of the University, and the University reimburses them (note: this does not include students) for expenses they incur that are directly related to the carrying on of University activities, it is treated as an acquisition by the University.

(116) Where there is no direct relationship to work duties, input tax credits can nevertheless be claimed if:

- a. The University reimburses an employee for expenses incurred by the employee; and
- b. The reimbursement is a fringe benefit (or an exempt fringe benefit) under FBT legislation.

(117) In the instances above, the University's entitlement to the input tax credit will be determined as if the University had incurred the expense itself. However, the University cannot claim the credit if the employees are themselves entitled to claim one.

(118) The amount of the input tax credit is 1/11th of the amount of the reimbursement. To enable the University to claim the input tax credit, the employee will need to obtain and provide the University with a tax invoice for the acquisition that they made. The tax invoice will be effective even if the employee's name and address, not the University's, is shown as being the recipient.

(119) These rules also apply where an employer directly pays the work-related expenses of an employee. This is treated in the same way as a reimbursement.

### **Students**

(120) It is preferable that the University pays a vendor directly for any purchases required by students so that the GST credit may be claimed back from the ATO. A reimbursement to a student, even when receipts are provided by the student does not allow the University to claim the GST from the ATO. The University pays 10% more than necessary, being the GST that is not able to be recovered from the ATO.

### **Visitors**

(121) The University sometimes reimburses visitors for travel and other costs. The situation is the same as for students above. It is unlikely that visitors could ever fall into the concept of agents. Where possible the University should pay for expenses direct to the supplier to ensure recovery of GST.

### **RECOVERIES**

(122) When the University incurs expenditure that it then seeks to recover from another entity/individual, GST must be charged. This is the case even when no GST has been incurred in the original transaction. The recovery is seen to be an individual supply.

#### **Example 1 – Recovery from another entity**

(123) The College of Science, Engineering & Technology incurs expenditure on a piece of research equipment to the GST inclusive value of \$1100. \$100 GST is recovered from the ATO, reducing the actual cost to \$1000. The

Department expends a further \$500 in labour modifying the equipment, thereby increasing the total cost to the University to \$1500. CSIRO (the Department's research partner on a particular project) has agreed to purchase this equipment from the University.

(124) If CSIRO is charged \$1500, 1/11th of this receipt must be remitted to the Tax Office for GST. Therefore the Department of Science will only receive \$1364 towards the cost of the piece of equipment, and will have to bear the difference between the cost incurred and the amount received as a recovery. To fully recover the cost of the equipment, the Department of Science would need to request a total payment of \$1650 (\$1500 plus \$150 GST) from CSIRO.

(125) Business areas should discourage the purchase of goods by the University to be recovered by another party at a later time. Instead they should encourage direct dealings between the party and the supplier, removing the University from the chain and reducing the University's administrative involvement, and liability for GST relating to another party.

#### Example 2 - Recovery from individual employee

(126) The University pays a phone bill for a mobile phone. The bill includes \$220 (inclusive of GST) worth of private phone calls incurred by a University Employee. The cost to the University of the private phone calls amounts to \$200 as the University would be able to claim \$20 in GST through the holding of a tax invoice. When the University employee reimburses the University the \$220, the University will have to remit 1/11th of the amount i.e. \$20 to the ATO. This means that the University will receive \$200 towards the phone bill. Therefore in this situation the cost of the private telephone calls equals the amount recovered from the employee.

## TRAVEL

### Overseas Travel

(127) Transport of passengers from Australia to a destination outside Australia is GST-free. So is transport between destinations outside Australia, or to Australia from a place outside of Australia. This applies whether the transport is by air or sea.

### Domestic Travel

(128) Normally, domestic travel is subject to GST. However, there are some exceptions:

- a. If the passenger is a non-resident, domestic air travel in Australia is GST-free provided that the ticket was purchased while the passenger was outside Australia
- b. The Australian domestic flight leg of any passenger's international flight is GST-free, if is provided as part of the same ticket. This applies even though there may be a stopover of any length between the international and domestic legs
- c. The Australian domestic leg of any passenger's international sea voyage is GST-free if it is provided as part of the same ticket
- d. Rail, bus or car transport within Australia is subject to GST. This applies irrespective of whether the traveller is a non-resident, or whether the travel was purchased outside Australia.

### Frequent Flyer Programs

(129) Under frequent flyer programs, a traveller receives points for air travel made with an airline. When these points reach a certain amount they can be redeemed for other travel or benefits. GST does not apply to the award of these points, or to the supply of the travel or benefits, as there is no consideration. However, GST will apply to any additional amount the customer is required to pay to obtain the travel or benefits. GST will also apply to any fees paid for membership of the program.

## **SECURITY DEPOSITS**

(130) Special rules apply to deposits made as security for the performance of an obligation.

### **Refundable Deposits**

(131) If the deposit is refunded on performance of the obligation, no GST is payable because the deposit is not treated as consideration for a supply.

#### **Example 1**

(132) The University hires a piece of equipment. We pay \$110 for the hire and a separate \$50 security deposit. The University returns the equipment the next day and gets back the \$50 deposit. A GST component of \$10 applies to the hire cost, but no GST applies to the deposit.

(133) However, if a deposit is forfeited, it is treated as if it was part of the payment for the supply, and 1/11th needs to be remitted to the ATO by the supplier.

#### **Example 2**

(134) The University fails to return the equipment and forfeits the deposit. The payment for the supply of the equipment is therefore  $\$110 + \$50 = \$160$ . The GST component is \$14.55.

### **Incorporated Deposits**

(135) If the deposit at some stage becomes incorporated into the payment, the deposit is treated as if it were part of the payment for the supply and GST is attributed to the tax period in which the incorporation takes place.

#### **Example 3**

(136) In October 2001 the University pays a deposit of \$1,100 reserving a room for a conference in January. No GST is payable at this stage and GST code AZ would be used. The University utilizes the room in January and pay the balance of \$2,200. The \$1,100 deposit is then offset against the \$3,300 accommodation charge and GST of \$300 will be payable. The GST of \$300 will be greater than 1/11th of the \$2,200 balance payable. Processing Invoices when GST is not exactly 1/11th as to how to process this transaction.

(137) If the deposit is forfeited it is treated as if it were part of the payment for the supply. The GST is attributed to the tax period in which the forfeiture takes place.

#### **Example 4**

(138) The University discovers in November that the hotel room is not close to the conference venue and therefore cancels. The \$1,100 deposit is forfeited. The hotel must account for GST of \$100 (1/11th of \$1,100) in the tax period in which November falls. If the hotel had refunded the deposit - because it accepted responsibility for wrongly telling the University that the room was close to the conference venue - no GST would be payable.

## **FINES, PENALTIES, TAXES AND CHARGES**

(139) Under Division 81 of the GST Act Government taxes, fees and charges are generally not subject to GST.

(140) Examples of Australian taxes that are not subject to GST are:

- a. Income tax
- b. Stamp duty
- c. Fringe benefits tax



- d. Payroll tax
- e. Medicare levy; and
- f. Local government “ordinary rates”.

(141) The following categories of Australian government fees or charges are specifically classified as not being consideration for a supply and will therefore not be subject to GST:

- a. Fees or charges that relate to (or the application for) the provision, retention or amendment under an Australian law, of a permission, exemption, authority or licence, including:
  - i. registration fees and lodgement fees for property transfers
  - ii. fees charged for searches and extracts from registers
  - iii. fees charged for medical and legal professionals’ right of practice licences; and
  - iv. drivers licence fees; and
- b. Fees or charges that relate to an Australian government agency doing any of the following:
  - i. recording information
  - ii. copying information
  - iii. modifying information
  - iv. allowing access to information
  - v. receiving information
  - vi. processing information
  - vii. searching for information.
- c. Non-Taxable Charges (use GST Code A3)

(142) However, the Treasurer can prescribe regulations to specifically treat an Australian government tax, fee or charge as the provision of consideration for a supply, which will mean that such taxes, fees or charges will be subject to GST. Subject to the rules noted below, the following taxes, fees and charges are currently subject to GST:

- a. A fee for parking a motor vehicle in a ticketed or metered parking space;
- b. A toll for driving a motor vehicle on a road
- c. A fee for hire, use of, or entry to a facility, except for an entry fee to a national park
- d. A fee for the use of a waste disposal facility
- e. A fee for pre-lodgement advice relating to, or to an application for, a permission, exemption, authority or licence and it is not compulsory to seek the advice; and
- f. A fee for the provision of information if the information is not required to be provided under an Australian law.

(143) Taxable Charges (use GST Code A1, G1)

(144) For an up to date list of government taxes, fees and charges that are subject to GST, refer to regulation 81-10.01 in A New Tax System (Goods and Services Tax) Regulations 1999.

(145) Prior to 1 July 2011, Australian taxes, fees and charges were GST-free only if they were listed in a bi-annual determination issued by the Commonwealth Treasurer.

(146) The final Treasurer’s Determination was issued on 1 January 2011. To reduce confusion and uncertainty, the ATO adopted the approach that fees and charges listed on the final Determination can continue to be treated as not subject to GST provided that the individual fee or charge is not specifically deemed to be consideration for a supply by the new law or the GST Regulations (see PSLA 2013/2(G/A)).

## **SECOND HAND GOODS AND TRADE INS**

(147) Where second-hand goods are sold by an entity registered for the GST, this is a taxable supply. The University is registered and is therefore required to charge GST whenever it sells second-hand goods. Use GST code G1 when recording receipts from sales. The only exception to this rule is where the sale meets the criteria of a non-commercial activity and it is therefore treated as GST-free, in which case use GST code G0.

(148) If the University buys second-hand goods from an unregistered entity there is no GST in the price. Under the general GST rules, the University will not be entitled to claim an input tax credit. However, a special rule exists that allows the University to claim input tax credits where the second-hand goods (other than livestock or plants) are purchased from an unregistered entity and the University uses the goods as trading stock for a subsequent taxable supply of those goods. An example where this would occur is the purchase of second hand books from University students by the University bookshop.

(149) The input tax credit is the lesser of:

- a. 1/11th of the consideration for the acquisition of the second-hand goods, or
- b. if that amount is more than the GST payable on the subsequent sale of the goods, the GST on that subsequent taxable supply.

## **NON DEDUCTIBLE EXPENSES AND INTERACTION OF GST AND FBT**

(150) Procedure:

- a. Expenses that are Non Deductible and not subject to FBT use GST Code A1.
- b. Expenses that are Non Deductible but subject to FBT use GST Code A4.

(151) The University is exempt from income tax, but the identification of non-deductible expenses for income tax purposes is still required because input tax credits cannot be claimed on expenses that are made specifically non-deductible under tax law. The income tax legislation contains a number of restrictions on deductions where the expenses are seen to be personal or quasi-personal in nature. The University does not permit the use of funds for personal expenses however there are some University business transactions that are considered to be non-deductible.

(152) The following acquisitions or importations are non-deductible expenses:

- a. Penalties (but there's no supply, use GST code A3)
- b. Relative's travel expenses
- c. Membership to recreational clubs and leisure facilities
- d. non-staff portion of meal entertainment (food & drink)
- e. Recreational entertainment (includes amusement expenses, entertainers, tickets to sporting events or theatre, sightseeing tours, or similar leisure time pursuits etc)
- f. Non-compulsory uniform expenses
- g. Agreements for the provision of non-deductible non-cash business benefits.

## **Interaction of GST and FBT**

(153) It must be noted that if an FBT liability arises from the non-deductible expense, the input tax credit can be claimed on the portion of the expense that is subject to FBT. (Refer to the FBT policy for further information).

(154) Examples:

- a. Meal entertainment for staff and non-staff – 50% of this amount is subject to FBT and therefore 50% of the

expense is coded using GST Code A4 and the 50% balance is coded to GST Code A1.

- b. Recreational entertainment for staff – 100% of this amount is subject to FBT, therefore these amounts are coded using GST Code A4. The names of staff receiving the benefit must be included in the purchase order description or forwarded to the Finance and Tax Accountant
- c. Recreational entertainment for clients or students – these expenses are not subject to FBT and are non-deductible.

(155) Final GST ruling GSTR 2001/3 provides additional information concerning GST and fringe benefits.

## **SALE OF A BUSINESS**

(156) The sale of a business is known as a 'supply of a going concern' for GST purposes. The supply of a going concern is GST-free if:

- a. the supply is for consideration
- b. the recipient is registered or required to be registered; and
- c. the supplier and the recipient have agreed in writing that the supply is of a going concern.

(157) A supply of a going concern is a supply if:

- a. the supplier supplies to the recipient all of the things that are necessary for the continued operation of an enterprise; and
- b. the supplier carries on, or will carry on, the enterprise until the day of the supply (whether or not as part of a larger enterprise carried on by the supplier).

(158) These provisions may be relevant in dealing with the GST consequences upon selling a University building containing existing tenants.

(159) Final GST ruling GSTR 2002/5 provides additional information concerning what constitutes a going concern and when the supply of a going concern is GST-free for the purposes of the GST Act.

## **FUNDRAISING EVENTS**

(160) La Trobe University generally must charge GST on the sale of tickets for fundraising events because it is registered for the GST. The only exception to this rule is where the University elects to treat all supplies made in connection with a particular "fund-raising event" as being input taxed. When an entity makes an input taxed sale, no GST is payable on the sale. However, the entity is not entitled to an input tax credit for the GST on anything it has purchased that relates to staging the fundraiser.

(161) If the input taxed choice is made, the University must refer to the fund-raising event in its records and receipts as an event that is treated as input taxed.

(162) A "fund-raising event" is defined to mean any of the following if conducted for the purpose of fund-raising:

- a. a fete, ball, gala show, dinner, performance or similar event
- b. an event comprising a sale of goods, provided each sale is for consideration that does not exceed \$20 (or such other amount specified in regulations), and selling such goods is not a normal part of the supplier's business. An event that involves the sale of alcoholic beverages or tobacco products will not qualify for election for input taxed treatment
- c. an event that the Commissioner decides to be a fund-raising event after receiving a written application from the supplier.

(163) Please note that any of the above will not be considered a "fund-raising event" if it is part of a series or regular run of similar events.

(164) For more information please see the ATO GST fact sheet 'GST and fundraising dinners or similar functions'.

## **IN KIND**

(165) The ATO has indicated that in kind contributions will be viewed as a barter arrangement for GST purposes, there being two sets of supplies. An in-kind contribution made between La Trobe University ("University") and another party ("Industry Party") can be viewed as a two-way transaction in the following manner:

- a. The Industry Party joined with the University in making an application to a government department for funding for the research of an agreed project ("Research Project")
- b. The University will provide the basic facilities for the Research Project and may engage persons as it see fit for purposes of undertaking the Research Project; and
- c. The Industry Party will provide funding and other in-kind resources and facilities such as access to relevant facilities, software, personnel, expertise and information to the University for the purpose of the Research Project.

(166) The supply between the University and the Industry Partner can be seen as simultaneous. As both parties are acting as purchaser and supplier, they will be required to account to the ATO 1/11th of the value of the respective supplies.

Both parties will also be eligible for input tax credits for the amount of GST assessable on their purchases. The GST accountable to the ATO and the input tax credits claimed should therefore net out at zero in each party's BAS.

(167) In order to be eligible for the input taxed credit, each party must have on hand a tax invoice. It is important that the tax invoice issued by the University and the Industry Partner providing in kind contribution are dated within the same tax reporting period and preferably the same day.

## **Periodic Supply**

(168) In general, the duration of such Research Projects is for more than 12 months and payments are made on an annual basis. Under the GST Legislation, supplies and acquisitions made for a period or on a progressive basis are treated as separate supplies. As such, the University and the Industry Partner are required to account for GST at the time when consideration is received or at the time when an invoice is received whichever is earlier. Generally, this will be on an annual basis.

(169) Once again, a tax invoice must be issued each time a supply or an in kind contribution is made regardless of the duration of the Research Project.

## **SCHOLARSHIPS**

(170) A scholarship is generally paid to a student from a funding provider, with the university acting as the middleman. Generally, where the University receives the funding it is subject to GST unless treated as a donation. Scholarships paid to students will generally not be subject to GST as the student will either not be registered for GST or it might be considered to be salary and wages.

(171) Funding received for scholarships or other in-kind services, rather than cash, will be exchanged for sponsorships. If both parties are registered for GST, then:

- a. Both parties must supply tax invoices to the other and are liable for GST of 1/11th of the GST inclusive of market value of the sponsorship / in-kind service

- b. Both parties must hold tax invoices in order to claim input tax credits.

(172) Examples include:

- a. Advertising of the university on the radio/television/newspaper provided in exchange for advertising space in university publications
- b. Catering services provided in exchange for advertising space in university publications
- c. Air flights provided in exchange for advertising space in university publications
- d. Where a research partner includes in a research agreement the provision of use of facilities and staff time in exchange for research of a share in research equivalent in value to the in-kind support provided.

## **PRIZES**

(173) Funding is received from individuals and organisations specifically for the payment of student prizes. Prizes may be offered directly to the student where the prize is not banked into the university bank account (the cheque is made out to the student). As the university merely selects the student there are no GST implications for the university.

(174) Receipt of funding for prizes without naming rights passing back to the donor are considered as donations, and are therefore outside the scope of the GST.

Receipt of funding for prizes with naming rights passing back to the donor may also be considered as donations, and outside the scope of GST if no 'material benefit' passes back to the donor.

In the event that the donor receives a material benefit, for example where the funding amounts to sponsorship, then the funding will be subject to GST.

## **Part H - Contracts and GST Clauses**

(175) The GST clause contained in service contracts has a significant influence on the GST outcome for the University. Below is the GST clause that the University must include in all of its service contracts to ensure that GST obligations are met:

### **GST CLAUSE**

(176) "#XX Goods and Services Tax

(177) Where any taxable supply between the Parties occurs under this Agreement:

- a. the Party who is the supplier may increase the consideration for the taxable supply identified in the Agreement ("Net Consideration") by the amount of any applicable GST (calculated in accordance with the GST Act) unless the Agreement says the consideration is GST-inclusive; and
- b. the Party who is liable to pay for the taxable supply will pay the increased, or GST- inclusive, consideration (whichever the case may be) within 21 business days, or such other period this Agreement specifies:
  - i. after receiving a valid tax invoice for the supply; or
  - ii. where the Parties have mutually entered into a Recipient Created Tax Invoice ("RCTI") agreement that affects the supply -- after the supplier Party requests the other Party to pay the supplier Party the increased, or GST- inclusive, consideration (as the case may be), and to issue the supplier Party with an RCTI, with respect to the supply; and
  - iii. (the 'Purchaser') shall pay LTU an amount equal to any interest, and/or penalties, levied by the Australian Tax Office ('ATO') on LTU, from the date of the taxable supply, where the Purchaser has not paid LTU, and consequently LTU has not paid the ATO, the properly applicable GST component pursuant to para's. #XX(a)(i) and (ii) in connection with the supply.
- c. In relation to the consideration for any taxable supply under this Agreement, the supplier Party:

- i. must maximise its claims for input tax credits on all creditable acquisitions made, by the supplier Party's enterprise, in connection with the Agreement; and
- ii. unless the Parties have determined consideration irrespective of this paragraph (ii)
  - must as far as possible pass on to the recipient the benefit of the supplier Party's abovementioned input tax credits (to avoid charging the recipient for GST on GST)

and the supplier Party must, by way of a reduction in the Net Consideration for any taxable supply under this Agreement, pass on to the recipient the benefit of any cost savings the supplier Party achieves relevant to this Agreement in connection with the abolition or reduction of any tax.

- a. In clause #XX:
  - i. "GST Act" means A New Tax System (Goods and Services Tax) Act 1999 (C/wlth) (as amended); and
  - ii. expressions (e.g. tax invoice) shown in italics bear the same meaning as those expressions in the GST Act."

## Part I - Non-Commercial Activities

(178) The commercial activities of the University are GST taxable, but as a gift deductible entity the "non-commercial activities" of the University can be GST-free. The term 'non-commercial activities' refers to sales made and the payment received for the sale is less than a specified amount. A sale is GST-free if the amount charged is:

- a. less than 50% of the GST-inclusive market value, or
- b. less than 75% of the amount the charitable institution, charitable fund, gift deductible entity or government school paid to acquire the things that are subsequently sold.

(179) When the sale is a supply of accommodation the sale is GST-free if the amount charged is:

- a. less than 75% of the GST-inclusive market value of the accommodation, or
- b. less than 75% of the cost of providing the accommodation.

## Part J - Compliance

(180) The Senior Manager External Reporting, Tax and Compliance will conduct periodic reviews of GST transactions to ensure compliance with this Policy.

## Section 5 - Definitions

(181) For the purpose of this Procedure:

- a. ABN – Australian Business Number. An identifier for dealings with the ATO and for dealings with other government departments and agencies.
- b. ACN – Australian Company Number.
- c. Adjustment Notes - are documents issued by suppliers to a business when the amount paid for a taxable supply changes.
- d. ATO – Australian Taxation Office.
- e. BAS – Business Activity Statement. A single form to be lodged with the ATO to report the various University tax obligations including the GST that has been collected and paid.
- f. Companies - entities that have been incorporated pursuant to the Corporations Act 2001 (Cth) and have an ACN and ABN.

- g. Customer - a customer is an entity that the University conducts business with. (E.g. students)
- h. Enterprise - a business and any other commercial activities but does not include hobbies, activities done as an employee, or activities of individuals or partnerships without a reasonable expectation of profit. It includes the activities of entities such as charities, deductible gift recipients, religious and government organisations, and certain non-profit organisations.
- i. Entity - an individual, a body corporate, a corporation, a partnership, any other unincorporated association or body of persons, a trust or a superannuation fund and any kind of legal person.
- j. GST - Goods and Services Tax. The GST is a broad-based consumption tax of 10% per cent on most supplies of goods and services consumed in Australia.
- k. Input Tax Credits - the GST included in the price paid for an acquisition. Includes the GST paid on an importation if it is for use in the University's business. Input Tax Credits cannot be claimed if the acquisition or importation relates to making an input taxed supply.
- l. PAYG - Pay As You Go (PAYG) withholding is the system whereby payers (e.g. the University) withhold amounts from payments to payees (e.g. businesses) and send the withheld amounts to the Tax Office.
- m. Supplier - an entity that is a seller of the goods or services etc.
- n. Supply - is a supply of goods and/or services; provision of advice or information; a grant, assignment or surrender of real property; a creation, grant, transfer, assignment or surrender of any right; a financial supply; an entry into or release from an obligation to do anything, to refrain from an act or to tolerate an act or situation.
- o. GST-free Supplies - no GST is charged on the University's GST-free supplies, but the University is entitled to claim the input tax credits included in the price of the things acquired to make that GST-free supply.
- p. Input Taxed Supplies - GST is not charged on input taxed supplies, but neither is the University entitled to input tax credits for the GST included in the price paid for the things acquired to make the input taxed supply.
- q. Taxable Supplies - the term is widely defined to include most supplies (goods, services and anything else) the University makes. Taxable Supplies are subject to 10% GST. A supply is not a taxable supply if it is GST-free or input taxed.
- r. Taxable Importations - Goods imported into Australia are taxable importations, unless the goods are duty free, or would have been GST-free, or input taxed if they had been supplied.
- s. Tax Invoice - is a document containing information about a taxable supply. A document generally issued by the supplier. It shows the price of a supply, indicating whether it includes GST, and may show the amount of GST. It must also show other information, including the ABN of the supplier.
- t. Tax Period - the length of time for accounting for GST on the business activity statement (BAS). It may be quarterly or monthly. La Trobe University operates on a monthly tax period for GST purposes.
- u. Taxable - subject to GST at a rate of 10% per cent.
- v. University - means La Trobe University.

## Status and Details

<b>Status</b>	Current
<b>Effective Date</b>	28th November 2016
<b>Review Date</b>	30th May 2020
<b>Approval Authority</b>	Vice-Chancellor
<b>Approval Date</b>	27th November 2016
<b>Expiry Date</b>	Not Applicable
<b>Unit Head</b>	Mark Smith Chief Finance and Operations Officer
<b>Author</b>	Marina Perri Director, Finance Business Transformation
<b>Enquiries Contact</b>	Finance