Financial Management Procedure - Taxation

Section 1 - Key Information

Policy Type	Administrative – University Council
Accountable Executive – Policy	Chief Operating Officer
Responsible Manager – Policy	Chief Financial Officer
Review Date	17 November 2026

Section 2 - Purpose

(1) This Procedure outlines how the requirements to ensure compliance with taxation laws relevant to the University.

Section 3 - Scope

(2) This Procedure applies to:

a. All transactions of the University that involve or attract Goods and Services Tax (GST) or Fringe Benefits Tax (FBT) obligations
b. All controlled entities of the University

(3) This Procedure does not apply to payroll or other employment-related taxation obligations.

Section 4 - Key Decisions

Key Decisions	Role
Authorised to sign RCTI Agreements	Associate Director, Corporate and Reporting

Section 5 - Policy Statement

(4) This procedure forms part of the Financial Management Policy suite which governs its application.

Section 6 - Procedures

(5) All employees involved in financial transactions for the University must familiarise themselves with this policy and ensure the University complies with all its obligations under taxation law and associated ATO rulings.

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Part A - Goods and Services Tax (GST)

Tax Invoices

(6) The requirements for tax invoices remain the same whether the University is the supplier (seller) or the recipient (buyer).

(7) For purchases under $1,000 (GST exclusive), where a supplier is registered for GST, a tax invoice must include:

a. the supplier's name and ABN
b. the words 'tax invoice'
c. the date of the invoice
d. a brief description of each thing supplied
e. the GST-inclusive price
f. 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 purchases of $1,000 (GST exclusive) or more must include all of the above, as well as:

a. the name of the recipient
b. the recipient's address or ABN
c. the quantity of the goods or the extent of services supplied.

(9) A supplier not registered for GST will supply an 'invoice' rather than a 'tax invoice'.

(10) Where the University is the supplier, a standard invoice produced from SAP or a receipt/tax invoice must be used, but not both.

(11) The University must make every effort to obtain a valid tax invoice or receipt from a supplier for any purchase. Electronic tax invoices are acceptable.

(12) If a supplier does not provide a valid tax invoice, contact them and request that they provide one. If they do not provide a valid tax invoice within 28 days of being asked and payment has already been made, the ATO may grant permission to claim the GST credit. If permission is granted by the ATO, a journal will be done to claim the input tax credit which was originally denied.

(13) If the supplier does not require an ABN, they will need to complete the ATO 'Statement by Supplier' form that states they are not required to quote an ABN.

(14) If a tax invoice is lost and a copy cannot be obtained from the supplier, the University must provide:

a. for a transaction over $82.50 (GST inclusive), a statutory declaration that outlines the full details of the transaction; or
b. for transactions of $82.50 (GST inclusive) or less, a written statement with the full details of the transaction, signed by you and endorsed by your supervisor.

(15) Adjustment credit notes issued by Finance must contain the same information as a tax invoice, with additional information as advised or required.

Recipient Created Tax Invoices(RCTI)

(16) Corporate and Reporting must approve all agreements for recipient created tax invoices (RCTI). The agreement

must be in writing, specify the supplies to which it relates and be current and effective when any recipient created tax invoices are issued.

(17) Corporate and Reporting maintains a central register of RCTI agreements that lists the parties and details of the RCTI agreements.

Part B - Appropriations

(18) If the University receives an invoice for grant funding that includes GST from another university, La Trobe will claim this GST through its BAS return. Contact Corporate and Reporting via ASK Finance 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.

(19) Where a granting body requests that an invoice be prepared with no GST because the payment is considered to be an appropriation, a copy of the relevant appropriation documentation (including the statute or delegated legislation that authorises the expenditure of money) must be obtained from the granting body and filed with the copy of the invoice.

Section 7 - Barter and In-Kind Transactions

(20) The portfolio/school negotiating the deal with the external entity should ensure that Corporate and Reporting and the relevant Strategic Business Partner are made aware of the transaction up front. Corporate and Reporting will work with the school staff member and the external entity to determine the best approach to invoicing. One of the following three approaches may be selected:

a. The external entity will enter into an RCTI agreement with the University and the entity will issue a tax invoice for its supply and an RCTI for the supply provided by the University;
b. The external entity will enter into an RCTI agreement with the University and the University will issue a tax invoice for its supply and an RCTI for the supply provided by the external entity;
c. Each entity will issue its own tax invoice for the supply.

(21) In the first two approaches, an RCTI agreement must be in place before the transactions are processed. This should be generated by the external party creating the invoice and the RCTIs, but if they do not have a standard agreement one must be created by the University.

(22) The RCTI agreement must be signed by the Associate Director, Corporate and Reporting.

Part C - Fringe Benefits Tax (FBT)

(23) The University assesses and pays FBT on an annual basis on the benefits provided during the FBT year (1 April to 31 March). FBT is on-charged to individual cost centres in June for the preceding FBT period.

(24) There are several categories of fringe benefits that the University might provide to its employees and their associates, including:

a. Car benefits
b. Expense payment benefits
c. Housing benefits
d. Living-Away-From-Home allowance benefits
e. Property benefits
f. Tax-Exempt body entertainment benefits

g. Car parking benefits
h. Residual benefits
i. Debt waiver and loan benefits

(25) Most benefits provided by the University are grossed-up at the type 1 gross-up rate.

(26) Where the taxable value of employee fringe benefits (other than excluded fringe benefits) exceeds $2,000 for the FBT year ending 31 March, that amount, after being grossed up by the type 2 gross up rate, will be stated on the employee's PAYG payment summary.

(27) Only the lower gross-up rate is used for reporting on employees' payment summaries, regardless of whether the benefits provided are type 1 or type 2. The reportable fringe benefits value for employees receiving type 1 benefits will need to be recalculated using the type 2 grossed up rate for PAYG payment summary reporting purposes.

(28) Even though a reportable fringe benefit is included in a payment summary, it is not included in the employee's assessable income.

(29) Pooled cars, car parking and meal entertainment fringe benefits are excluded from the above reporting requirement.

Vehicles

(30) The University uses the Statutory Formula Method for calculating FBT on car fringe benefits. In certain circumstances, where the vehicle is predominantly used for business purposes, the Associate Director, Corporate & Reporting may permit the use of the operating cost method.

(31) Employees who have received motor vehicles as part of a salary packaging arrangement are obliged to supply odometer readings as requested by 31 March each year. For more information please contact the Financial and Tax Accountant.

(32) University employees who are provided with University owned or leased vehicles as part of their salary arrangements, or who have access to University vehicles in the evenings, should ensure their odometer readings are forwarded to the Fleet and Operations Coordinator on 1 April of each year.

(33) Odometer readings should be recorded every time a vehicle is traded in for a new one.

Living Away from Home (LAFH)

(34) Where an employee is eligible for LAFH concessions, they must:

a. complete an LAFH declaration
b. keep documentary evidence of their actual accommodation costs. Only the amounts actually incurred will be subject to the FBT concession
c. keep documentary evidence of food/drink costs where the expense exceeds reasonable limits.

(35) Further information can be found via the Australian Taxation Office Living Away from Home Allowance fringe benefits webpage.

Reimbursing or Paying for Business Related Travel

(36) A travel diary should be maintained by each relevant employee for:

a. overseas travel for 6 or more consecutive nights

b. domestic travel for 6 or more consecutive nights and when the travel is not exclusive for the purpose of performing the employment duties.

(37) The travel diary should outline:

a. the date, day and approximate time the business activity commenced
b. how long the business activity lasted
c. where the business activity took place
d. the nature of the business activity

(38) Entries should be made during the business activity or as soon as practically possible afterwards.

(39) Organisational units are responsible for ensuring their employees maintain travel diaries. These are to be filed in a safe and secure place for a period of 5 years. The Finance Department will conduct regular checks to ensure compliance with this requirement.

(40) Travel diaries must be maintained even where the University has other means to verify the nature and purpose of travel.

Exempt Items

(41) An allowance is not a reimbursement and therefore not an expense payment fringe benefit and is generally subject to income tax.

(42) A number of benefits are exempt from FBT. The following is a non-exhaustive list of benefits that are exempt from FBT (subject to certain conditions):

a. Newspapers and periodicals;
b. Travel costs in attending job interviews;
c. In-house health care facilities;
d. Occupational health and counselling – work related medical tests (including pre-employment tests), preventive health care (including certain vaccinations) and optical aids for screen-based equipment but not massages, work-related counselling (including services to former employees who were made redundant) and migrant language training;
e. Emergency assistance;
f. Compassionate travel;
g. Long service awards – awards for long service of at least 15 years, provided the benefit is no more than $1,000 and $100 for each additional year;
h. Safety awards – up to the value of $200 (GST inclusive) per employee solely in recognition of the special achievements of the employee in occupational health and safety;
i. Provision of certain work-related items (mobile phone or a car phone, a briefcase, a calculator, a tool of trade, an item of computer software for use in the employee's employment, an electronic diary or similar item and a notebook computer, a laptop computer or a similar portable computer). Please note a benefit arising in relation to a mobile phone or a car phone will attract the exemption only if the phone is primarily for use in the employee's employment. The exemption in relation to portable computers is limited to the purchase or reimbursement of one computer per employee per year;
j. Membership fees and subscription (trade subscription and professional journal, an entitlement to use a corporate credit card and an entitlement to use an airport lounge membership);
k. Taxi-travel – taxi travel provided to employees is an exempt benefit where the taxi begins or ends at an employee's place of work so long as it constitutes a single trip – taxi travel provided to sick employees is also

exempt irrespective of whether the employee is sent to a doctor, relative or their home;

l. Minor benefits – these are benefits of small value that are infrequently or irregularly provided and/are difficult to record or value. Examples include Christmas gifts of modest value and taxi fares for employees unexpectedly required to work late. In addition, the benefit must be regarded as being 'minor', and is treated as such of its value is less than $300 including GST.

Compliance

(43) Corporate and Reporting will conduct periodic reviews of FBT transactions to ensure compliance with this Procedure and the associated work rules and guidelines. The results of the review will be forwarded to the Associate Director, Corporate and Reporting for appropriate follow up action.

Section 8 - Definitions

(44) 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. 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.
c. Barter: The direct exchange of goods or services for other goods or services without the exchange of money.
d. 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.
e. Excluded Fringe Benefits: These are benefits that are excluded from the reportable fringe benefits arrangements. For example meal entertainment and car parking benefits.
f. Exempt Benefits: Exempt benefits are benefits that are not considered to be fringe benefits and therefore not subject to FBT.
g. FBT: Fringe Benefits Tax (FBT) is a tax payable by the employer on the value of certain benefits, known as "fringe benefits", that have been provided to their employees or to associates of those employees in respect of their employment. FBT is calculated at 49.0% of the grossed up taxable value of a fringe benefit.
h. Fringe Benefit: A fringe benefit is a benefit provided in respect of employment. This effectively means a benefit provided to somebody because they are an employee. Fringe benefits include benefits provided to an associate of the employee. The 'employee' may even be a former or future employee.
i. Grossed-up Taxable Value: this is the taxable fringe benefit amount multiplied by the relevant gross-up rate set by the ATO. This value is multiplied by the FBT tax rate to calculate the tax payable.
j. 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.
k. In-Kind: Where benefits such as staff and infrastructure are provided without the exchange of money.
l. 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.
m. Meal Entertainment: The provision of meal entertainment means the provision of:
    i. entertainment by way of food or drink
    ii. accommodation or travel in connection with, or to facilitate the provision, of such entertainment
    iii. the payment or reimbursement of expenses incurred in obtaining something covered by the above.
n. 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

o. Reportable Fringe Benefits Amount: where an employee receives certain fringe benefits and the total exceeds $2,000 for the FBT year, the gross-up amount has to be shown on the employee's payment summary. This is the reportable fringe benefits amount (RFBA).

p. 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.

q. Taxable: subject to GST at a rate of 10% per cent.

r. Taxable Value: This is the value of a fringe benefit before it is grossed up. The manner of determining the taxable value of a fringe benefit is prescribed in the FBT legislation. Different valuation rules apply to different classes of benefits.

s. Type 1 Gross-up Rate: The type 1 gross-up rate is used where Latrobe University (or other provider of the benefit) is entitled to claim an input tax credit on the benefit provided.

t. Type 2 Gross-up Rate: The type 2 gross-up rate is used where Latrobe University (or other provider of the benefit) is not entitled to claim an input tax credit on the benefit provided.

Section 9 - Authority and Associated Information

(45) This Policy is made under the La Trobe University Act 2009.

(46) Associated information includes:

a. Asset Management Policy

Status and Details

Status	Current
Effective Date	16th November 2023
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Responsible Manager - Policy	Jodie Banfield Chief Financial Officer
Enquiries Contact	Finance

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