



C

WORKSHOP NOTES

**PART C**

What You Need To Do/  
Business Systems

## Required preparation & planning for GST

Identify registration requirements - make the registration decision

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Identify & classify all inputs & outputs

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Check the adequacy of record keeping and accounting procedures for GST

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Printing of Tax Invoices and price lists

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Plan budgeting and cash flow requirements

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**CAREFUL PREPARATION IS EVERYTHING**

**1 July is almost upon us - it is paramount that you address your planning issues now**

**DO IT NOW!**

## Do I register or not?

### Where you have the choice - issues:

- Charging GST but entitled to input tax credits versus higher costs to your business/practice

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- Monitoring turnover if close to threshold

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- Cash flow impacts

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- Commercial preferences to deal with registered organisations

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- Changes to organisational processes

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- Reporting

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- Government funding

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### Registering for an Australian Business Number and registering for GST are two separate issues

You do not have to be registered for GST to get an ABN, however you MUST have an ABN to register for GST.

### Why register for an ABN?

If you do not have or provide an ABN for goods and services you supply after 1 July 2000, all payments made to you may be subject to a new withholding tax of 48.5% under PAYG.

This does not apply if:

- > you are not in business or carrying on an enterprise, ie you are carrying on a hobby, a private recreational pursuit, or an activity as an individual or a partnership without a reasonable expectation of profit or gain
- > you are earning income which is exempt from Income Tax

## Why register for GST?

If your annual turnover is below the threshold amounts (\$50,000, or \$100,000 for non-profit organisations), you may choose to register. There are various factors to take into account when considering whether or not to register.

Where you choose not to register, you will be unable to claim any input tax credits for GST paid on purchases and cannot charge GST on supplies you make.

In some cases, the value of your supplies may have to be increased to take account of the GST paid on their purchases which cannot be recovered via an input tax credit.

That is, to enable you to retain the same dollar margin, you might have to increase your prices, as GST will be a real extra cost to you.

There are several factors to consider in the registration decision process, including:

- > How price competitive, and sensitive, is the market place and will the addition of GST cause customer loss to non-registered competitors?
- > Will registration enable a better financial return through your ability to reclaim GST on its input costs while maintaining previous turnover (net of GST) levels?
- > Are your customers, sponsors and suppliers predominantly large business who must to register? If so, those businesses may actively persuade you to register in order that in-house GST documentation and administration procedures can be developed with a minimum of exceptions.
- > Are your customers, sponsors or suppliers mainly unregistered persons (ie. end consumers)? If this is the case, your customers may prefer to deal with you if you are an unregistered entity.

If you decide not to register, you will not be able to claim input tax credits for the GST you pay out in doing your business.

### Dealing with GST registered or unregistered suppliers

We can illustrate the consequences of dealing with registered or unregistered suppliers by reference to the following table:

	Registered	Not Registered
Cost of inputs	(100)	100
GST	10	10
Input tax credit	(10)	0
True cost of inputs	100	110
Margin	100	100
	(1) 200	210
GST	20	0
Price to customer	(2) 220	(3) 210

1. shows the true cost of the supply where the recipient can claim an input tax credit of \$20.
2. shows the true cost of the supply where the recipient is unable to claim an input tax credit of \$20.
3. shows the true cost of the supply for any recipient where the supplier is not registered and no GST is charged by the supplier.

Therefore, all other things being equal, the example shows that a recipient of supplies who couldn't claim input tax credits may prefer to deal with an unregistered supplier as the cost of the supply would be \$210, rather than \$220 from a registered supplier.

However, it is important to note that this does not mean that customers who are unable to claim input tax credits should always deal with unregistered suppliers. Depending on the mix of inputs, labour and the profit margins, it would be possible to show examples where the cost of a supply from an unregistered supplier would be more than from a registered supplier.

If you fail to register when you should, you could face:

- > being fined for not registering
- > being registered for GST from the date you should have registered
- > having to pay backdated GST payments for taxable supplies you made (when it's too late to collect GST from your clients or claim input tax credits to offset this)
- > having difficulty being able to substantiate the GST that you have paid on acquisitions and therefore miss out on Input Tax Credits that you would otherwise be entitled to.

## Exercise

### Have you registered or will you register for GST?

Use this checklist to help you work through your registration decision.

#### 1. Work out your annual turnover:

Total income for the period \_\_\_\_\_ 1999 to \_\_\_\_\_ 2000  
(a 12 month period ending this month)

\$

TAKE AWAY THE VALUE OF:

income that was not a supply (eg bank interest)

\$

supplies that were not for consideration (eg donations)

\$

supplies not in connection with an enterprise

\$

supplies that will be *input taxed under GST*

\$

Your annual turnover is

\$

> if turnover is greater than \$50,000 or \$100,000 you **MUST** register.

> if turnover is less than \$50,000 or \$100,000 if non-profit you **CAN DECIDE** whether or not to register. To do this:

#### 2. Assess the benefits of registering or not registering:

Are your supplies mostly GST free? Approx \_\_\_\_\_ % (eg. 'non commercial activities of a charity' or exports) - you benefit from registering because you can claim input tax credits for creditable supplies and you won't be collecting much GST

Are your supplies mostly input taxed? Approx \_\_\_\_\_ % (eg. residential rent) you may not benefit from registering because you cannot claim input tax credits (unlikely in arts and cultural sectors)

Are your supplies mostly taxable? Approx \_\_\_\_\_ % (eg. grants, sales, fees), - are you selling to unregistered? And what level of inputs?

Now assess the other issues highlighted about registration. Note all of these cannot be assessed in isolation, and require discussion with you Board, your staff, your clients, your patrons and sponsors, your funding bodies and your members.

#### 3. Register for your ABN and/or

#### 4. Register for GST and/or

#### 5. Apply for endorsement of status as Deductible Gift Recipient or Income Tax Exempt Charity

#### 6. Decide not to register for an ABN and/or GST

## Cash or Accruals Basis

### The cash basis allows simpler accounting systems

One advantage of accounting for GST on a cash basis is that you only have to account for GST on 'cash in' and 'cash out'. The option to use the cash basis is not affected by the accounting methods the non profit organisation might currently use.

### Threshold

Most businesses with an annual turnover of \$1 million or more, are required to register on an accruals basis. However, non profit organisations can account on a cash basis regardless of the level of their annual turnover.

### Only pay the GST included in payments received

Where a business is registered on the cash basis, it does not have to account to the ATO for the GST collected on its supplies until it has actually been received in cash or by payment in kind.

### Only claim the GST included in payments made

Where a registered business acquires taxable supplies of goods and services the price of these will include GST. If that business is registered on the cash basis it will only be able to claim as input tax credits 1/11th of the GST inclusive payments it has actually made in the GST period. Remember that a business cannot claim back any GST unless and until it has received a tax invoice from the supplier. Also, there is no GST content in input taxed or GST-free acquisitions.

To claim an input tax credit on the cash basis the business must have:

- > paid the bill
- > hold the tax invoice that supports the fact that an input tax credit claim is available

**If the bill is part paid and a tax invoice held, a partial claim can be made.**

**Use the accruals basis only if required to, or if it provides substantial cash flow or other commercial advantages**

### To calculate GST collected on an accruals basis include accounts owed to the business

The accruals basis means the business needs to account for GST on all transactions in the GST period in which the transactions happen. So, in calculating the GST payable to the ATO, you need to take into account the cash and other payments received for taxable supplies made during the period, and the GST included in taxable supplies that have been made but not yet paid for.

### **To calculate input tax credits on an accruals basis include amounts owed**

The GST you are entitled to claim as a refund from the ATO is not only the GST content of the cash purchases that have been made during the period, but also the GST content of purchases of goods and services that have been acquired by way of 'credit' transactions.

So the GST input tax credits you can claim for the period are the sum of the GST content of the payments made for cash purchases in the period, plus the GST content of invoices issued to you in respect of credit purchases in the period.

GST input tax credits can be claimed even if payment has not been made, provided always that a tax invoice is held.

Note however that input tax credits cannot be claimed on input taxed supplies you acquire, or for GST included in the cost of any inputs you use to make an input taxed supply.

### **Accruals basis available to all**

All non-profit organisations are able to register on an accruals basis if they choose. An organisation which is not deemed to be a charity and has an annual turnover in excess of \$1million must use the accruals basis unless the Tax Commissioner agrees otherwise.

### **Issues**

Accruals based GST accounting means that you:

- > have to pay GST in the period when you issue an invoice or when payment or part payment is received from your customer, whichever is earlier - you may have to pay GST on supplies you have not been paid for yet
- > can claim input tax credits when you receive an invoice from your supplier, or when you pay the bill, whichever is earlier as long as you have a valid tax invoice, you may be in a position to claim input tax credits before you have paid for

For example, if your grant cheque goes into your bank account in June, or you have invoiced the funding body but not yet received the cheque, you have to pay the GST in the period ending in June 2001, even if the grant is for services you will provide from July 2001 to September 2001.

If you are invoiced for stationery supplies in August, you can claim input tax credits during the tax period including August, even if you don't pay your supplier until October.

You may choose accruals based accounting if:

- > you make or mainly make taxable supplies (eg provision of your service for a grant)
- > you pay for the goods and services you receive on an invoicing system in arrears
- > it is the system you use already

You may choose cash based accounting if:

- > you do not make any (or many) taxable supplies
- > you pay for goods and services in advance
- > it is the system you use already

While there are arguments for and against the use of either cash or accruals method, the decision will usually depend on the specifics of your business. Some guidelines are:

**The accruals method and purchases on credit**

The accruals basis can be better where a business makes the majority of its purchases on credit. As the entitlement to claim an input tax credit under the accruals method arises on invoice, there may be a potential cash flow benefit where those input tax credits are claimed from the ATO, prior to payment being made for the supply, as long as you hold a tax invoice.

**The accruals method and lengthy debtor terms**

Where a business has long delays in debtor payments, cash flow problems may arise, because you must remit GST to the ATO prior to receiving payment from debtors. In such cases, it may well be preferable to account for GST on a cash basis.

**Changing from cash to accruals**

Provided your annual turnover is less than \$1,000,000, you can change accounting methods from accruals to cash accounting and vice versa. If your annual turnover is \$1,000,000 or more and you don't use the receipts method for income tax purposes, then you must use accruals accounting (unless you get ATO permission to use the cash method).

If you are using cash accounting and your annual turnover increases to \$1,000,000 or above, then you must change to accruals accounting from the beginning of your next tax period unless you are using the receipts method for income tax purposes.

**Action Decisions:**

1. In order to alleviate potential cash flow issues where you are using the accruals basis, you should ensure that your collection methods are effective - this is much more important in a GST environment.
2. You will need to negotiate your trading terms with suppliers and customers and be aware that your suppliers too will want to bring forward your payment terms.

### Quarterly or Monthly Returns

If your overall tax liability is a payment by your business to the ATO, you must make that payments within 21 days of the end of the GST period.

If your overall tax liability is a refund to your organisation, you will receive this refund from the ATO within 14 days of lodging your claim.

#### Option 1: Lodging your Business Activity Statement (BAS) every 3 months

For the tax period	GST payments are due no later than	You get a refund before
June to September	21 October	4 November
October to December	21 January	4 February
January to March	21 April	5 May
April to June	21 July	4 August

#### Option 2: Lodging your BAS every month

For the tax month	GST payments are due no later than	You get a refund before
June	21 July	4 August
July	21 August	4 September
August	21 September	5 October
September	21 October	4 November
etc	etc	etc

### What Tax Period should you choose?

If you can choose your tax period, then decide on the following factors:

- > the time, effort and cost involved in preparing returns
- > the volume of transactions of your business
- > the timing of the transactions of your business
- > the method of accounting you are using
- > your cash flow position

When considering cash flow costs versus administrative costs you should bear in mind that the opportunity cost (ie lost or extra interest) on cash flow may not be that great over a two-monthly period, although this needs to be weighed against whether you will actually have the cash needed.

### **Varying the Standard Tax Periods**

You can account for GST for a period that ends 7 days before or after the dates specified for tax periods. That allows entities that rule off their books say, on the last Friday of the month or quarter to continue that practice. Entities that take up this option are still required to lodge their BAS within 21 days of the end of the tax period.

### **Non profit organisations have the option of making quarterly or monthly returns**

#### *For some organisations, the monthly option will be best*

Some businesses will find they are usually entitled to a net GST refund, rather than having to pay GST to the ATO. This will arise because most of the supplies made are GST-free. In such cases, there may be a definite cash flow advantage from filing monthly statements with the ATO, even though the compliance costs may be a little higher.

Some businesses may prefer to deal with GST and get it out of the way when month-end accounting work is done, rather than have to deal with GST reporting when a quarter-end arrives.

#### *For businesses making mainly taxable supplies quarterly returns are best*

If typically, GST collected on account of sales exceeds the GST input tax credits that can be claimed, there clearly is a cash flow advantage to the organisation. The longer it can hold onto the cash, the greater the advantage. The net GST collected can be used to reduce overdraft interest in the periods it is held before paying it to the ATO. Alternatively, it could be put in an interest earning account. However, organisations should not commit it to any other purpose than the payment of GST.

When a business completes the GST portion of the BAS on a quarterly basis, only four returns a year are required. This reduces the compliance requirements. With quarterly returns the GST calculations and payments are due to be filed at the ATO on or before the 21st of the month following the end of the GST period.



## C.2

### Cash flow

#### Need to monitor cash flow and the impacts of GST

When you think about GST cash flow monitoring you look at your arts business from the angle of making sure you will have enough cash available to keep on running as you planned.

How will GST affect the flow of money in and out of your business? How can you plan to have the money available to pay for the things you need?

Cash flow is affected by GST because:

- > GST influences prices, so the amounts of money you spend and earn in different categories will be change
- > you may have to pay more GST (to the ATO and suppliers) than you can get back (from customers and the ATO)
- > you may pay out and claim back GST in different tax periods - the pressure this puts on your cash flow will vary depending on your accounting method - accruals or cash
- > cash flow shows when you are likely to be liable to GST or entitled to input tax credits

TASKS	NOTES
<b>1. Cash flow</b>	
<input type="checkbox"/> Prepare a cash flow budget to show whether we have sufficient cash flow to pay our GST liabilities	
<input type="checkbox"/> Time GST payments, and when we buy and pay for supplies, to improve our cash flow	
<input type="checkbox"/> Decide whether monthly or quarterly tax payments are better for our cash flow	
<input type="checkbox"/> Identify how price changes of inputs and outputs will affect our cash flow	
<input type="checkbox"/> Decide which accounting system is best for our cash flow needs	
<input type="checkbox"/> Agree a policy for setting aside GST money	
<b>2. Available cash (working capital)</b>	
<input type="checkbox"/> Check our procedures for managing our cash, debtors and stock - do these give us the best cash flow under GST?	
<input type="checkbox"/> Check how much cash we need available in our account to service any loans we have	

GST registered businesses must:

- > provide a tax invoice when you make a taxable supply to another GST registered business within 28 days of being requested (preferably at the time of making the supply), eg when you receive a grant from a funding body, you must provide the funding body with a tax invoice

*This may require creation of new documents for your organisation, or be as simple as having a stamp made up with your ABN, your name and address and the words "tax invoice" and using a standard invoice book, inserting the other details manually.*

- > check that tax invoices you receive from your GST registered suppliers are in the format required by the ATO, eg when a writer registered for GST gets an invoice from his/her stationary suppliers, or a theatre company is charged for rental
- > store all tax invoices so they can be easily used when recording GST payments and claims and lodging the BAS, eg don't pay the bill until you have a valid tax invoice, and store the tax invoice with your cheque requisitions
- > for PAYG - withhold part of the invoice amount if there is no ABN quoted by another business making supplies to them - the 'withholding tax' amount is currently 48.5% of the invoice price and this must be sent to the ATO, eg if your plumber gives you a handwritten bill for \$100 with just his name, the work done and the amount to be paid, you can only pay him \$51.50 - you have to 'withhold' 48.5% of the bill (in this case) and send this \$48.50 to the ATO

*Where a supply is for at least \$55 including GST and a tax invoice is required but has not been supplied at the outset, a supplier is obliged to issue the tax invoice within 28 days of a request by the recipient of the supply.*

## Price

- **Must review all prices to take into account impacts of The New Tax System**

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- **VALUE = Cost of making/producing your good or service (taking into account possible cost reduction impacts from abolition of WST and NOT including any amount for GST) + \$ mark up (same dollar mark up as for that supply pre GST *not* percentage mark up)**

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- **PRICE = Value + 10% of value (GST)**

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*Note: particularly visual arts, crafts, literature, value of work determined by market - not by costs of creating work, but this also a factor for performing arts, and for fees charged by artists.*

- > Pre GST price of theatre ticket was \$20. There was \$15 cost to the theatre company with a \$5 mark-up (25%)
- > Post GST costs of production are \$14
- > GST exclusive. The theatre company is registered for GST

### Questions

1. What is the new value of a ticket?
2. What is the new price of a ticket?
3. What is the GST component?
4. What if the theatre company is not registered?

## Records

### Keep a record of all transactions to keep track of GST

- Record all outflows  
\_\_\_\_\_
- Record all inflows  
\_\_\_\_\_
- File tax invoices received  
\_\_\_\_\_
- Keep all bank statements  
\_\_\_\_\_
- Record debtors and creditors  
\_\_\_\_\_

#### Record all outflows

For you to prosper in a GST world, you must accurately record all outflows. This will enable you to readily isolate and identify the GST payable to the ATO. This includes all goods and services that flow out of the business, including capital assets sold.

#### Record all inflows

Inflows are when resources (goods and services) are brought into the organisation. All of these inflows must be recorded for GST purposes. With the introduction of GST you need to be able to identify the GST content so the business is able to get the maximum input tax credit. If you fail to record any inputs you won't get the input tax credit.

#### File tax invoices received

To make an input tax credit claim you must hold a tax invoice (unless the price excluding GST does not exceed \$50). It is very important that tax invoices are carefully filed and easily found. They may be filed in cheque number order, (especially by those who account for GST on a cash basis). Others may file them in date order, or by supplier. The method chosen will depend on whether you are on a cash or accruals basis.

#### Keep all bank statements

The bank statement is often a very important source of information. In addition to using the bank statement for bank reconciliations, for many the bank statement might be used to facilitate the calculations of the GST owed to the ATO, by being adapted to identify the GST content of payments made. It is very important that all bank statements are kept readily available.

#### Record Debtors and Creditors

Records of the amounts owed to you, or that are owed by you, are important to the success of the business. If you are registered on an accrual basis for GST, then these records will also be needed to calculate the GST liability, even if the invoices issued or received have not been paid.

## Systems

- **Make sure the GST information needed to complete the BAS return is readily available**

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- **Keep GST records up to date on a regular basis**

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- **Ensure the GST information is accurate and readily available, when required**

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### **Ensure that the required information is readily available**

Good business systems are those which, on a timely and cost efficient basis, are able to generate the information required to meet the needs of the organisation. If you have good systems, then the information needed to calculate the GST amount payable for inclusion on the BAS should be produced as a by-product of general system activity.

Don't set up complex systems for their own sake. In broad terms all that needs to be done is to have a system that identifies: the GST amounts charged to customers that have to be accounted for in the taxable period; and the GST included in amounts charged by suppliers that form the basis of input tax credit claims in the taxable period.

### **Accurate Information**

It is vital that the information available is accurate. If it is wrong, there is the risk of paying too much GST, or not paying enough. Always take care in recording GST information!

### **Update GST records regularly**

The information must be readily available when needed to complete the BAS. The BAS will be due 21 days after the end of the monthly or three monthly GST return periods. The system must be such that transactions are recorded as soon as possible after they occur. This will avoid problems when the BAS is due to be completed.

Avoid getting behind in the recording and processing of transactions - you don't want to find that it is necessary to record three months of transactions before the GST portion of the BAS form can be completed!

### **Setting up systems to manage GST**

Because of the information required by the ATO in the BAS, it will be necessary for you to ensure your systems collate this information appropriately.

## Check list for Accounting Systems

TASKS	NOTES
<b>1. Our recording routines</b>	
<input type="checkbox"/> Review our Chart of Accounts	
<input type="checkbox"/> Produce a list of fees and charges for everyone to use	
<input type="checkbox"/> Establish a routine to check and file Tax Invoices we receive	
<input type="checkbox"/> Check which clients or sponsors will need tax invoices	
<b>2. Our source documents</b>	
<input type="checkbox"/> Design valid Tax Invoices suitable for our organisation	
<input type="checkbox"/> Prepare a supply of Tax Invoices ready to use	
<input type="checkbox"/> Check with our suppliers and agents to make sure they will supply valid Tax Invoices	
<b>3. Reporting our GST liability and claims</b>	
<input type="checkbox"/> Know what information we need to complete the BAS	
<input type="checkbox"/> Decide how we will complete our BAS easily, on time (within 21 days) and without errors at the end of every tax period	
<input type="checkbox"/> Use a standard format to calculate our income tax credits accurately	
<input type="checkbox"/> Determine who will do this reporting	
<input type="checkbox"/> Know how to make adjustments to the BAS	
<b>4. Our accounting &amp; management systems</b>	
<input type="checkbox"/> Do we have to make changes to our accounting system? What help do we need to do this?	
<input type="checkbox"/> Do we have to make changes to our ticket/stock management systems?	
<input type="checkbox"/> What training do we need to provide to staff and Board members who handle financial documents?	

# WORKSHOP NOTES

## C.6

### Systems, you and your people

In looking at different activities, measuring the performance of these activities and reporting, it is very important not to overlook the people involved in the activities. This is also very important when systems to deal with GST are being developed. It is vital to recognise that many people with whom you work are likely to be affected by GST, and they will have a role to play. This will depend on the activity they are involved in.

#### EXAMPLE:

Gallery/ticket staff will need to:

#### Outflows (selling)

- > understand that all prices for all goods sold by a registered entity are to be stated as 'GST inclusive' (unless no GST applies to that supply)
- > recognise transaction types and the GST consequences, that is, whether a sale is a taxable supply or is GST-free, at the point of sale
- > know the rules for issuing a Tax Invoice
- > understand the correct procedures for refunds, issuing credit notes and adjustments

#### Inflows (buying)

- > understand the classification of each transaction for GST purposes: taxable supplies, GST-free supplies or input taxed supplies
- > know how to deal with cash purchases including the GST component
- > know how to record payments made by cheque or cash including GST
- > know to obtain tax invoices for all goods or services acquired which cost in excess of \$50 + GST
- > know to obtain cash receipts for all goods and services acquired which cost less than \$50 + GST
- > understand and follow the procedures for filing and recording tax invoices

### **You/your colleagues will need to know:**

- > GST status of each transaction processed, that is, taxable supplies, GST-free supplies or input taxed supplies
- > how to issue appropriate tax invoices for goods or services provided by the organisation, reconciling total taxable supplies, GST-free supplies or input taxed supplies with the total invoices issued
- > if using a cash based system, ensure bank deposits are analysed into taxable supplies, GST-free supplies, and input taxed supplies
- > how to account for credit card transactions
- > how to process tax invoices received from creditors
- > how to deal with adjustment notes, credit notes, and refunds
- > how to follow the rules for reconciling all the accounts
- > the attribution rules which determine the tax period in which a transaction is accounted for, for GST purposes

### **Assisting you and your people**

In modifying or developing systems to record and account for GST, the procedures that are developed and put in place must be user friendly. These procedures must be in a form that enables you and your staff to follow them without being technical experts in GST.

In developing the procedures, the following factors must be taken into account:

- > the Chart of Accounts needs to be suitably modified to classify the various types of supply made and acquired - GST supplies, GST-free supplies, and input taxed supplies, by activity where appropriate
- > setting up procedures to ensure that source documents, eg receipts, bank statements, other invoices and warranties must be coded correctly to indicate the GST status of all supplies made or received
- > ensuring that documentation issued by the business complies with the tax invoice and adjustment note requirements and facilitates accurate recording
- > reviewing current procedures to ensure that the debtors and creditors records capture and classify GST information in an efficient and effective manner
- > ensuring cash flow management procedures are adequate to cope with the impact of GST
- > ensuring that relevant totals can easily be obtained from the system for entering on the GST return, either from a computerised or a manual recording system
- > ensuring that you and your colleagues understand and can apply the attribution rules
- > reviewing procedures to ensure that records are kept up to date at all times to enable the completion of the BAS within 21 days of the end of each tax period

## Systems Checklist

### Income

Do we have a complete list of all the different sorts of transactions we make as a supplier of goods and services?

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What is our GST liability for each type of transaction?

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What will we charge for our services under GST, to pass on costs and savings appropriately?

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Are we able to provide valid tax invoices to our clients or sponsors when required?

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Does our accounting system make it easy for us to report our GST liability on the BAS and pay what we owe in the right tax period?

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Has income received before 30 June 2000, relating to services being provided after 1 July 2000, been recorded correctly?

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What information about GST and our GST liability do our clients and sponsors need, and how will we communicate this?

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What training do people in my business need to help them comply with The New Tax System?

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## Expenditure

How will the prices we pay for goods and services be affected?

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Can we claim input tax credits?

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How will we ensure that suppliers pass on the cost savings from the abolition of sales tax?

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Will we approach new suppliers for quotes on post GST prices?

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Will we delay or bring forward some purchases depending on expected price changes after GST?

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Will our suppliers provide us with valid tax invoices?

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Does our accounting system make it easy for us to claim input tax credits in the right tax period?

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Have we correctly recorded purchases made or paid for before 30 June 2000 and contracts spanning the GST implementation date?

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What will happen to the prices that our suppliers charge?

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Should we negotiate with our suppliers, or find new ones?

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Do the people who process our documentation and prepare our accounts have enough GST knowledge to do their job?

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## Think about the transactions that happen in your organisation

Tick the transactions on this list that apply to you and brainstorm a list of any other transactions you make.

- receiving grant funds
- paying contractors
- buying equipment and supplies for use in the office
- raising funds to support the organisation
- renting property at subsidised rent from government
- renting leasehold property on the private market
- spending money on insurance
- paying salaries and wages
- selling artwork
- charges of performance fees
- fee to ticketing agents
- fee to venues
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## GST Skills Practice 2: Business Skills

### Supplies and inputs

Your transactions are the flow of resources between your business/practice and other organisations, businesses and people.

- > a supply is when you provide goods or services to your clients or sponsors  
(& receive a payment)
- > an input is when you receive goods or services from your suppliers or sponsors  
(and make a payment)

List Ten of your Transactions	Is this a SUPPLY?	Or an INPUT?
1. Receiving grant funding	✓	
2. Payment of contract workers		✓
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

### Source documents and accounts filing systems

- > Source documents show what was supplied, by whom and how much it cost.
- > Filing systems are how you store documents so you can find and use them easily.

List Five of your Source Documents	How Do You File These Documents?
Eg. Grant contract	Store separately
Eg. Receipts for works	Keep in receipt book in number order
1.	
2.	
3.	
4.	
5.	