



# GST – Goods and Services Tax

Explains how goods and services tax (GST) works and what you need to do to meet your GST obligations.

## How GST works



Explains how GST works and what you need to do to meet your GST obligations.

## Registering for GST



Work out if, when and how you need to register for goods and services tax (GST).

## When to charge GST (and when not to)



Explains who has to charge GST, and what taxable sales, GST-free sales and input-taxed sales are.

## Tax invoices



Explains when to provide a tax invoice, what it must include and dealing with non-taxable sales and rounding.

## Claiming GST credits



Report and pay GST amounts and claim GST credits by lodging a

## **Accounting for GST in your business**



Choosing an accounting method, thinking about cash flow and GST and the advantages of keeping good records.

## **Lodging your BAS or annual GST return**



Report and pay GST amounts and claim GST credits by lodging a BAS or an annual GST return.

## **If your business changes or ceases**



When you must cancel your GST registration and how to complete your last GST activity statement.

## **How we can help**



Video tips, online answers to your questions and a range of phone services to help you meet your GST obligations.

## **ITC estimators**



Understand the risks and governance required when using an Input Tax Credit (ITC) estimator for calculating GST credits.

## **In detail**



Detailed information about goods and services tax (GST).

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# **How GST works**

Explains how GST works and what you need to do to meet your GST obligations.


**Last updated** 22 June 2023

## How GST works

Goods and services tax (GST) is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia.

Some things don't have GST included, these are called [GST-free sales](#).

You can:

- use the [GST calculator](#)  on ASIC's MoneySmart website to calculate GST and work out how much GST is included in a sale.

## What registered businesses do

Generally, businesses and other organisations registered for GST will:

- include GST in the price they charge for their goods and services
- claim credits for the GST included in the price of goods and services they buy for their business.

### Watch

**Media:** How GST works


<https://tv.ato.gov.au/ato-tv/media?v=nixx79jdgigzjq> (**Duration:** 0:35)

## What you need to do for GST

If you run a business or other enterprise and have a GST turnover of \$75,000 or more (\$150,000 or more for non-profit organisations), or you provide taxi travel (including [ride-sourcing](#)) – you need to:

- [register for GST](#)
- [work out whether your sales are taxable](#) (that is, subject to GST, and not exempted because they are GST-free or input-taxed) and include GST in the price of your taxable sales
- [issue tax invoices for your taxable sales](#) and obtain tax invoices for your business purchases

- [claim GST credits for GST included in the price of your business purchases](#)
- [account for GST](#) on either a cash or non-cash basis and put aside the GST you collected so you can pay it to us when due
- [lodge activity statements](#) or annual returns to report your sales and purchases, and pay GST to us or receive a GST refund.

You can use the [GST calculator](#)  on ASIC's MoneySmart website to calculate GST and work out how much GST is included in a sale.

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## Registering for GST


Work out if, when and how you need to register for goods and services tax (GST).

**Last updated** 23 May 2025

### How GST registration works

Not every business or enterprise needs to be registered for [GST](#), but penalties may apply if you fail to register when required to do so.

Once you are required to register for GST, you need to do so within 21 days.

Before you register, you need to have an [Australian business number](#) (ABN). You can [get an ABN](#)  when you first register your business name or at a later time.

You only need to register for GST once, even if you operate more than one business.

You can also [cancel your GST registration](#) if you are no longer required to be registered.

If you are a non-resident, depending on your business activities, you may need to register for GST. For more information on how to register see [Non-resident businesses and GST](#). There are different proof-of-identity requirements for non-residents.

# When you need to register

You must register for GST:

- when your business or enterprise has a GST turnover (gross income from all businesses minus GST) of \$75,000 or more (the [GST threshold](#)) – to find out how this is calculated see [Working out your GST turnover](#)
- when you start a new business and expect your turnover to reach the GST threshold (or more) in the first year of operation
- if you're already in business and have reached the GST threshold
- if your non-profit organisation has a GST turnover of \$150,000 per year or more
- when you provide taxi or limousine travel for passengers (including ride-sourcing) regardless of your GST turnover – this applies to both owner-drivers and if you lease or rent a taxi
- if you want to claim fuel tax credits for your business or enterprise.

Registering for GST is optional if your business or enterprise doesn't fit into one of these categories. If you choose to register, generally you must stay registered for at least 12 months.

**Media:** When to register for GST

<https://tv.ato.gov.au/ato-tv/media?v=nixx79jdgigzcu> (**Duration:** 1.31 mins)

## Example: registering for GST as a trust

Beau is a tap dancer who posts his videos to a social media platform. He enters into a monetisation agreement with the social media platform as a trust.


The social media platform places advertising on Beau's videos. Beau's trust receives a percentage of the advertisement revenue from the social media platform when advertisements on his video clips are viewed.

As the social media platform operator is an Australian entity, the trust's sale to the social media platform is a taxable sale.

Beau's trust receives over \$75,000 in advertising revenue, so it is required to register for GST and pay GST on the payments received.

## How to register

Once you have an ABN, you can register for GST:

- via [Online services for business](#)
- by phone on **13 28 66**
- through your [registered tax agent or BAS agent](#) 

We'll notify you in writing of your:

- GST registration details, including the date your registration is effective
- ABN details if you haven't already received them.

Once registered for GST, you need to lodge a [business activity statement \(BAS\)](#).

## If you don't register

If you're not registered for GST, check each month to see if you've reached the threshold, or are likely to exceed it. You need to register within 21 days of your GST turnover exceeding the relevant threshold.

If you don't register for GST and are required to, you may have to pay GST on sales made since the date you were required to register. This could happen even if you didn't include GST in the price of those sales.

You may also have to pay [penalties](#) and interest.

## Backdating your GST registration

You can apply to [backdate your GST registration](#). Backdating a GST registration is limited to 4 years. This means, unless there is fraud or evasion:

- we can't backdate your GST registration by more than 4 years
- you are not required to be registered before that date.

## Working out your GST turnover

Your GST turnover is your total business income (not your profit), **minus:**

- GST included in sales to your customers
- sales to [associates](#) that aren't for payment and aren't taxable
- sales not connected with an enterprise you run
- input-taxed sales you make
- sales not connected with Australia.

## GST turnover threshold

You reach the GST turnover threshold if either:

- your current GST turnover – your turnover for the current month and the previous 11 months – totals \$75,000 or more (\$150,000 or more for non-profit organisations)
- your projected GST turnover – your total turnover for the current month and the next 11 months – is likely to be \$75,000 or more (\$150,000 or more for non-profit organisations).

Using a business software package to account for sales and expenses may make this easier.

When working out your projected GST turnover, **don't** include:

- amounts you receive for the sale of a business asset such as the sale of a capital asset
- any sale you make, or are likely to make, solely as a consequence of ceasing to carry on an enterprise, or substantially and permanently reducing the size or scale of an enterprise.

Even if your current GST turnover is at or above the threshold, you don't have to register for GST if your projected GST turnover will be less than the threshold.

**Example: Barry's current GST turnover – May plus previous 11 months**

Barry is a sole trader who sells specialised car parts. At the end of May, his gross business income for the month is \$2,560.

He must work out if this amount plus the previous 11 months gross business income reaches the GST turnover threshold of \$75,000.

Barry adds his gross business income for May and the previous months together. His current GST turnover is \$31,170.

Although his current GST turnover is less than \$75,000, he must now calculate his **projected** GST turnover.

Barry continues to calculate his projected gross business income each month and, if he meets the threshold in the future, he will have 21 days to register for GST from that time.

## GST groups and branches

Related entities may form a single group for GST purposes.

An entity may separately register a [branch for GST](#) purposes if this suits its management and accounting structure.

If you're a member of a [GST group](#), your turnover includes the turnover of the other group members. It doesn't include transactions between group members.

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## When to charge GST (and when not to)

Explains who has to charge GST, and what taxable sales, GST-free sales and input-taxed sales are.

**Last updated** 23 December 2016

If you are registered for GST - or required to be - the goods and services you sell in Australia are taxable unless they are GST-free or



input taxed.

Non-profit organisations may be entitled to concessions on some transactions.

**Follow the links below for more information about**

- [Taxable sales](#)
- [GST-free sales](#)
- [Input-taxed sales](#)
- [Grants and sponsorship](#)
- [Insurance settlements](#)

**See also**

- [GST concessions – Tax basics for non-profit organisations](#)
- [Tax invoices](#)
- [Option to reverse charge in the precious metal industry](#)

## Input-taxed sales



Check which sales are considered as input-taxed sales, which you don't include GST in the price or claim GST credits.

## Grants and sponsorship



Check how to apply GST when supplying a benefit in return for a grant or sponsorship money.

## Insurance settlements



There are circumstances where you do not have to pay GST on an insurance settlement.

## Taxable sales



Find out when your business sales are taxable and you include GST in the price

## GST-free sales



There are products and services which are GST-free and are exempt from GST.

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## Input-taxed sales

Check which sales are considered as input-taxed sales, which you don't include GST in the price or claim GST credits.

**Last updated** 16 June 2015

Input-taxed sales are sales of goods and services that don't include GST in the price. You can't claim GST credits for the GST included in the price of your 'inputs'.

The most common input-taxed sales are financial supplies (such as lending money or the provision of credit for a fee) and selling or renting out residential premises.

Follow the links below for more information about:

- [Financial supplies](#)
- [Residential premises](#)

### See also

- [Claiming GST credits](#)
- [GST definitions](#)

## Residential premises



Work out if your existing or new residential premises include GST

## Financial supplies



All financial supplies are input-taxed sales and do not have GST in their price and GST credits can't be claimed.

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# Residential premises

Work out if your existing or new residential premises include GST when you're selling or renting.

**Last updated** 16 June 2015

Generally, selling or renting existing residential premises are input-taxed sales and do not include GST.

However, if the residential premise is considered 'new', it is a taxable sale and GST is applicable.

If you buy property - old or new - with the intention of selling it at a profit or developing it to sell, you may be considered to be carrying on a business and may be required to register for GST.

Generally, you are not considered to be carrying on a business if your property transactions are for private purposes such as when you are constructing or selling your family home.

### In this section

- [Sale of residential premises](#)
- [Rental of residential premises.](#)

### See also

- [Do you need to register for GST?](#)
- [GST and residential property](#)

## Sale of residential premises

## Existing residential premises

If you sell existing residential premises, your sale is input-taxed. You can't claim GST credits for anything you purchase for the sale and you are not liable for GST on the sale.

## New residential premises

If you sell a new residential premises you are generally making a taxable sale, which means you:

- can claim GST credits for any related purchases you make (subject to the normal rules on GST credits)
- are liable for GST on the sale.

A residential premises is new when any of the following apply:

- it has not previously been sold as residential premises
- it has been created through substantial renovations
- a new building replaces a demolished building on the same land.

A residential premises is no longer new if it has been 5 years since:

- it first became a residential premises
- it was last substantially renovated
- it was built to replace demolished premises

### See also

- [Claiming GST credits](#)
- [GST and the margin scheme](#) on taxable property sales
- [GST Ruling: When is a sale of real property a sale of new residential premises?](#)

## Commercial residential premises

If you sell new or existing commercial residential premises, you are generally making a taxable sale. You can claim GST credits for purchases you make in relation to the sale of commercial residential premises and must pay GST on the sale.

## Rental of residential premises

If you rent out residential premises for residential accommodation, your rent is input-taxed and you don't include GST in the rental charge. You also can't claim credits for the GST included in any costs relating to the rental, such as agent's commission or repairs and maintenance on the premises.

**See also**

- [Renting out commercial premises](#)
- [GST definitions](#)

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## Financial supplies

All financial supplies are input-taxed sales and do not have GST in their price and GST credits can't be claimed.

**Last updated** 17 June 2015

Financial supplies are input-taxed sales and do not have GST in their price.

You generally make a financial supply when you do any of the following:

- Lend or borrow money
- grant credit to a customer
- buy or sell shares or other securities
- create, transfer, assign or receive an interest in, or a right under, a superannuation fund
- provide or receive credit under a hire purchase agreement entered into before 1 July 2012, if the credit is provided for a separate charge that is disclosed to the purchaser. (For hire purchase agreements entered into after 30 June 2012, the provision of credit is taxable.)

In special cases, you may be entitled to claim a GST credit for a purchase that you use to make a financial supply if any of the following applies:

- you do not exceed the 'financial acquisitions threshold'
- your purchase relates to an amount you borrowed and used to make a non-input-taxed supply
- your purchase qualifies as a 'reduced credit acquisition' – you will be entitled to a reduced input tax credit.

#### See also

- [GSTR 2003/9 Goods and services tax: financial acquisitions threshold](#)
- [GST and financial supplies – claiming reduced GST credits](#)
- [GST apportionment guide for financial supply providers](#)
- [GST definitions](#)

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## Grants and sponsorship

Check how to apply GST when supplying a benefit in return for a grant or sponsorship money.

**Last updated** 29 May 2023

### Grants

If your organisation or business is registered for GST, or is required to be, and receives grant funding (e.g., from a government body or private foundation), you do not have to pay GST on the funding payment unless you make a [supply](#) in return for the payment.

For more information, see:

- [Grants and sponsorship for not-for-profits](#)
- [GSTR 2012/2 Financial assistance payments.](#)

### Sponsorship

If your organisation or business is registered for GST, or is required to be, and enters a sponsorship arrangement, you may be obligated to pay GST.

When undertaking [fundraising events](#), you often receive support or sponsorship in the form of money.

In return for the sponsorship payment, your organisation or business may provide advertising, signage, naming rights or other types of benefits. This means that the sponsor receives something of value in return for the sponsorship, so the sponsorship payment is [consideration](#) for the supply of the benefit and is not a gift.

If your organisation or business is registered for GST, you must pay GST on the supply of the benefit you provide in return for the sponsorship you receive. As the benefit provided is a [taxable sale](#) you must include it in your [BAS](#). Sponsors may also be able to claim [GST credits](#).

If your organisation or business is not registered for GST but receives a sponsorship payment for which you provide a benefit, it must be included in your [GST turnover](#) calculation.

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## Insurance settlements

There are circumstances where you do not have to pay GST on an insurance settlement.

**Last updated** 16 June 2015

You do not have to pay GST on an insurance settlement, provided you tell the insurer before making the claim what proportion of the premium you can claim GST credits for. (You can claim GST credits on the part of the premium that relates to business purposes.)

If you do not tell your insurer before making the claim, you may have to pay GST when your claim is settled and you lodge an activity statement.

The insurer will expect to cover you only for the actual loss – that is, the loss minus the amount of GST credits you can claim on the repair

or replacement cost of the item insured.

**See also**

- [Insurance and GST](#)
- [GST Ruling: Insurance settlements and entitlement to input tax credits](#)
- [Claiming GST credits](#)

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## Taxable sales

Find out when your business sales are taxable and you include GST in the price.

**Last updated** 18 May 2023

### About taxable sales

If you are [registered for GST](#), or required to be, the goods and services you sell in Australia are taxable, unless they are GST-free or input-taxed.

To be a taxable sale with GST in the price, a sale must be:

- [for payment of some kind](#)
- [made in the course of operating your business](#)
- [connected with Australia](#)

### Paying GST on taxable sales


You pay GST on the taxable sales you make when you lodge your activity statement. For these taxable sales, you:

- include GST in the price
- issue a tax invoice to the buyer



- pay the GST you've collected when you lodge your activity statement.

You can claim credits for the GST included in the price of purchases you needed to make your taxable sales.

Use the [GST calculator](#)  on ASIC's MoneySmart website to calculate the amount of GST to include in a taxable sale.

For terms related to GST, check [GST definitions](#).

## Partly taxable sales

If your sale can be separated into identifiable parts and any of those parts are GST-free or input-taxed, the sale is partly taxable. You only need to pay GST on the taxable part of the sale.

For more information, see:

- [GST-free sales](#)
- [Input-taxed sales](#)
- [GST Ruling GSTR 2001/8](#) *Goods and services tax: Apportioning the consideration for a supply that includes taxable and non-taxable parts.*

## Capital assets

Sales of business assets such as office equipment and motor vehicles are usually taxable sales. You will need to include GST when you trade in or dispose of business assets by transferring ownership.

For more information, see: [GST and the disposal of capital assets](#).

## Sales for payment

For a sale to be taxable, it must be made for payment which can be monetary or another form of payment, such as:

- goods or services provided instead of money, such as barter transactions
- payment in the form of refraining from doing something.

## Example: non-monetary payments

Marnie is a makeup artist registered for GST. She posts videos to social media platform on how to apply makeup and receives thousands of views.

Louise's Lipsticks Pty Ltd, an Australian business, engages Marnie to promote their products in her social media videos. Under the agreement, Marnie receives \$22,000 worth of products from Louise's Lipsticks Pty Ltd as payment for promoting their products in her videos.

Marnie's taxable sale to Louise's Lipsticks Pty Ltd has a value of \$22,000. She provides a tax invoice to Louise's Lipsticks Pty Ltd for her promotional services at a cost of \$20,000 plus \$2,000 GST.

Marnie must also include \$2,000 GST from this taxable sale in her BAS.

For more information, see:

- [Bartering and trade exchanges](#)
- [Grants and sponsorship](#)
- [GST Ruling GST 2001/6](#) *Goods and services tax: Non-monetary consideration.*

## Sales in the course of operating your business

For a sale to be taxable, you must provide the goods or services as part of conducting your business. This includes all sales of business assets, including items such as motor vehicles and office plant and equipment. It also includes things done in the course of setting up or winding down your business.

## Sales connected with Australia

GST applies to sales connected with Australia, whether they are:

- [goods](#)

- [property](#)
- [things other than goods or property](#)

## Goods

A sale of goods is connected with Australia if the goods are either:

- delivered or made available in Australia to the purchaser
- removed from Australia
- brought to Australia – provided the seller either imports the goods or installs or assembles the goods in Australia.
- from 1 July 2018, supplies of low value imported goods to a consumer in Australia.

Exports of goods and services from Australia are generally GST-free, even though the sale is connected with Australia.

For more information, see:

- [Exports of goods](#)
- [GST on low value imported goods](#)
- [GSTR 2018/2](#) *Goods and services tax: supplies of goods connected with the indirect tax zone (Australia)*

## Property

A sale of property is connected with Australia if the property is in Australia.

For GST purposes, property includes:

- land
- land and buildings
- interest in land
- rights over land
- a licence to occupy land.

For more information, see [GSTR 2018/1](#) *Goods and services tax: supplies of real property connected with the indirect tax zone (Australia)*.

## Things other than goods or property

A sale of something other than goods or property is connected with Australia if either the:

- thing is done in Australia
- seller makes the sale through a business they carry on in Australia
- sale is of a right or option to purchase something that would be connected with Australia.
- purchaser of the sale is an Australian consumer.

For more information, see:

- [GSTR 2019/1](#) *Goods and services tax: supply of anything other than goods or real property connected with the indirect tax zone (Australia).*
- [GST on imported services and digital products](#)
- [GSTR 2017/1](#) *Goods and services tax: making cross-border supplies to Australian customers*

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## GST-free sales

There are products and services which are GST-free and are exempt from GST.

**Last updated** 7 July 2021


You don't include GST in the price if your product or service is GST-free.

You can still claim credits for the GST included in the price of purchases you use to make your GST-free sales.

You may be able to purchase a car GST-free:

- if you are an eligible person with a disability, and
- the purchase meets certain other conditions relating to using the car.

## See also

- [Input-taxed sales](#)
- [Claiming GST credits](#)
- [Eligibility for tax concessions on cars for people with a disability](#)
- Use the [GST calculator](#)  on ASIC's MoneySmart website to work out price excluding GST and the total cost including GST.

## Main GST-free products and services

Most basic foods, some education courses and some medical, health and care products and services are GST-free, often referred to as exempt from GST.

Things that are GST-free include:

- most basic food
- some education courses, course materials and related excursions or field trips
- some medical, health and care services
- some menstrual products
- some medical aids and appliances
- some medicines
- some childcare services
- some religious services and charitable activities
- supplies of accommodation and meals to residents of retirement villages by certain operators
- cars for disabled people to use, when certain requirements are met
- water, sewerage and drainage
- international transport and related matters
- precious metals
- sales through duty-free shops
- grants of land by government

- farmland
- international mail
- exports
- sales of businesses as going concerns
- some telecommunications supplies
- eligible emissions units.

**See also**

- [GST food list](#)
- [GST Rulings and Determinations](#) and search the topic you are interested in

## Exports of goods

Exported goods are GST-free if they are exported from Australia within 60 days of one of the following, whichever occurs first:

- the supplier receives any payment for the goods
- the supplier issues an invoice for the goods.

In the case of goods paid for by instalments, the payment or invoice must be for the final instalment.

Suppliers can apply to us to extend the 60-day period.

## Other exports

Other exports generally include supplies of things other than goods for consumption outside Australia, such as:

- services
- various rights
- other professional services.

A supply of a service is usually GST-free if the recipient of the service is outside Australia.

There are specific rules that determine if the supply is GST-free.

### See also

- [GSTR 2019/1](#) *Goods and services tax: supply of anything other than goods or real property connected with the indirect tax zone (Australia)*
- [GSTR 2018/2](#) *Goods and services tax: supplies of goods connected with the indirect tax zone (Australia)*
- [GSTR 2002/6](#) *Exports of goods*
- [GST definitions](#)

## Sale of a business as a going concern

The sale of a business as a going concern is GST-free if **all** the following apply:

- before the sale, the buyer and seller agree in writing that the sale is of a going concern
- the buyer is registered or required to be registered for GST
- everything necessary for the business to continue operation is supplied to the buyer
- the seller carries on the business until the day it is sold (date of settlement)
- payment is made for the sale.

### See also

- [Sale of a business as a going concern – supporting information](#)
- [GSTR 2002/5](#) *When is a 'supply of a going concern' GST-free?*
- [GST definitions](#)

## Cars, car parts and leasing

If you are eligible to purchase a car GST-free, you are also entitled to:

- lease a car GST-free, providing you meet the other conditions relating to intended use
- purchase car parts (such as batteries, tyres and disc brake pads) GST-free.

Petrol, oil or accessories such as mudflaps are not GST-free.

If you satisfy the eligibility criteria, complete a *Declaration for an exemption of GST on a car or car parts* and present it to your car or car parts supplier.


An eligible veteran with a disability can also get an approved form from the Department of Veterans' Affairs to apply for a rebate on the purchase of a motorcycle and motorcycle parts.

If you do not have a declaration for exemption before you purchase your car or car parts, the dealer or supplier may charge you GST. You may be able to get a refund of the GST after you have purchased your car or car parts. However, it is simpler for you if you provide the declaration before you make your purchase. Under tax law, we are unable to provide you with a direct refund of the GST you paid on either your car or car parts.

#### **Find out about**

- [Purchasing a car](#)
- [Leasing a car](#)
- [Car parts](#)

#### **See also**

- [Eligibility for tax concessions on cars for people with a disability](#)
- [Medical aids and car appliances](#)
- [Declaration for an exemption of GST on a car or car parts – person with a disability who is gainfully employed](#)
- [Declaration for an exemption of GST on a car or car parts – disabled veterans](#)
- [Motorcycle GST rebate scheme](#)  (for disabled veterans)

## **Purchasing a car**

An eligible person is exempt from paying GST on a car up to the value of the '[car limit](#)'.

The 'car limit' figure is set annually. You must pay GST on any amount above that limit.



The value of the car you purchase does not include the value of any modifications made solely to adapt the car for you to drive or be driven in.

If the value of a modified car exceeds the car limit, you must pay GST on the value above the car limit. You do not pay GST on the value of the modifications made to the car.

#### See also

- [Car cost limit for depreciation](#) (the car limit is the same as the car cost limit for depreciation)
- [LCT modifications for people with a disability](#)

## Leasing a car

If you are eligible to purchase a car GST-free, then you can also lease a car GST-free, if **both** of the following apply:

- the lease is for a minimum of two years, or you use the car to travel 40,000 kilometres from the date you lease it
- you intend to use the car for the prescribed purpose for the whole of that period – for example, an eligible person with a disability must also plan to use the car for their personal transport to or from gainful employment for the whole period.

## Novation arrangements

Under a novation arrangement, you may agree with the lessor and the finance company to take over all or part of the lessee's rights and obligations under a lease.

Whether a car is GST-free under a novation arrangement depends on the type of arrangement you entered.

If you lease it under a **partial** novation arrangement the car is GST-free. Under a partial novation lease your employer does not lease the car, but you lease it directly.

If it is subject to a **full** novation arrangement the car is not GST-free. Under a full novation arrangement your employer leases the car.

#### See also

- [Vehicles purchased under novated leases](#)

## Car parts

If you are eligible to purchase a car GST-free, you are also entitled to purchase certain car parts GST-free, including items such as:

- batteries
- disc brake pads
- tyres
- oil filters
- petrol filters
- liquid petroleum gas (LPG) conversion kits
- spark plugs
- water and fuel pumps
- radiator hoses
- windscreens
- head and tail-light globes.

Items that are not car parts are not GST-free, these include:

- oil and grease
- paint
- hydraulic fluid
- radiator or petrol additives
- refrigerant gas
- brake fluid
- petrol.

Accessories are not car parts and are not GST-free, these include:

- spoilers
- mudflaps
- pin striping
- roof racks
- CD players.

Parts that are not specifically for cars are not GST-free. For example, parts specifically for trucks, vans, buses, motorcycles and other machinery.

Car parts purchased by a business for sale to eligible people are not GST-free for the business.

The business:

- must pay GST when it purchases the car parts and can later claim a GST credit (if registered for GST) on their activity statement
- can sell the car parts GST-free to eligible people when presented with a completed declaration.

Car parts supplied to you during a repair of your car, and the cost of labour services in fitting those parts to your car, are GST-free. This is because the supply of car parts and labour to an eligible person is treated as a single GST-free 'sale of car parts'.

If car parts are supplied to you when you service your car and those parts are integral to the servicing of your car then those parts and the labour services in fitting those parts are not GST-free. A car service, which typically involves mostly labour services with some integral parts, such as spark plugs or filters, is a taxable sale and incurs GST.

### **Example 1: GST-free sale of car parts**

John has a current certificate of medical eligibility. He goes to an automotive parts and accessories store where he purchases spark plugs and brake pads for his car. The spark plugs and brake pads are GST-free for John. If John later has the spark plugs and brake pads fitted by a mechanic, the labour will be a taxable sale because it is a separate supply of labour, not a sale of car parts.

### **Example 2: GST-free sale of car parts including labour for fitting the parts**

Justine sells tyres to Madge for a price that includes the cost of the labour associated with fitting and balancing the tyres. Madge also needs the brake pads in her car replaced. Madge has a

current certificate of medical eligibility. The sale and fitting of the tyres and the brake pads are GST-free.

### **Example 3: Taxable car parts sold as part of a service**

Anna has a current certificate of medical eligibility. She takes her car to the mechanic for a routine service. In the course of the service, the mechanic changes the spark plugs in Anna's car. The sale of spark plugs is integral to the car service and, as such, is not a GST-free sale of car parts but a taxable supply of labour services.

### **Example 4: GST-free sale of car parts including labour in fitting those parts made during a car service**

Jim has a current certificate of medical eligibility. He takes his car to the mechanic for a routine service, including changing the spark plugs. During the course of the service, the mechanic finds that the exhaust system needs to be replaced. While the service itself, including the fitting of spark plugs, is not a GST-free sale of car parts, the sale and fitting of the exhaust system is GST-free.

QC 22422

## **Tax invoices**

Explains when to provide a tax invoice, what it must include and dealing with non-taxable sales and rounding.

**Last updated** 25 August 2025

## **When to provide a tax invoice**

If a customer asks for a tax invoice, you must provide one within 28 days, unless it is for a sale of \$82.50 (including GST) or less.

The information a tax invoice must include depends on:


- the sale amount
- the sale type (for example, a sale that includes both taxable and non-taxable items)
- who issues the tax invoice.

## Sales under \$1,000

Tax invoices for taxable sales of less than \$1,000 must include enough information to clearly determine the following 7 details:

1. Document is intended to be a tax invoice.
2. Seller's identity.
3. Seller's Australian business number (ABN).
4. Date the invoice was issued.
5. Brief description of the items sold, including the quantity (if applicable) and the price.
6. GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly 1/11 of the total price, as a statement which says, 'Total price includes GST.'
7. Extent to which each sale on the invoice is a taxable sale.

### Example 1: tax invoice for a sale under \$1,000

 Example 1: Tax invoice for a sale under \$1,000. This meets the requirement because it contains the 7 details needed. 1 Tax Invoice as the heading, 2 Seller's identity - Windows to Fit Pty Ltd, 3 seller's ABN number - 32 123 456 789, 4 the date the invoice was issued - 1 August 2018, 5 brief description of the supply - window frames, and 6 and 7 the total price including GST - \$825.

## Sales of \$1,000 or more


Tax invoices for sales of \$1,000 or more also need to show the buyer's identity or ABN.

If your tax invoices meet the requirements for sales of \$1,000 or more, you can also use them for sales of lesser amounts.

Example 2 shows:

- GST included in each line item
- the sale is clearly identified as being fully taxable by the words 'Total price includes GST'
- the buyer's identity for sales of \$1,000 or more.

### Example 2: tax invoice for a sale of \$1,000 or more

 Example 2: Tax invoice for a sale of more than \$1,000. This meets the requirement because it shows: - Tax invoice (heading) - Windows to Fit Pty Ltd (seller's identity) - ABN 32 123 456 789 - Building Company 15 Burshag Rd Festler NSW 2755 - Date: 1 August 2013 - Description of supply - 50 window frames unit price \$150 GST \$15 Total \$8,250 10 deadlocks unit price \$40 GST \$4 Total \$440 - Total amount payable \$8,690 - The total price includes GST

If you supply or receive an invoice that only has a figure at a [wine equalisation tax-goods services tax \(WEG\) label](#), you need further information to claim GST credits and for it to be considered a valid tax invoice.


[GSTR 2013/1](#) *Goods and services tax: tax invoices* sets out the information requirements for a tax invoice in more detail.

## Taxable and non-taxable sales

A tax invoice that includes taxable and non-taxable items, must clearly show which items are taxable. Items are non-taxable if they are [GST-free](#) or [input-taxed](#). The tax invoice must also show:

- each taxable sale

- the amount of GST to be paid
- the total amount to be paid.

Use ASIC's MoneySmart [GST calculator](#)  to calculate the amount of GST you will pay or should charge customers.

[GST 2001/8](#) *Goods and services tax: Apportioning the consideration for a supply that includes taxable and non-taxable parts* provides more detail about apportioning.

## Digital invoices

A tax invoice doesn't need to be issued in paper form.

For example, you can issue a tax invoice to a customer by emailing an invoice in portable document format (PDF) or other digital formats.

Any digital record or document transmitted to the customer needs to contain all the required information to be a valid tax invoice.

## eInvoicing

Australia has adopted the [Peppol](#) framework as the common standard and network for eInvoicing. eInvoicing (Peppol Invoice) is an automated direct exchange of invoices between a supplier's and buyer's software.

Some eInvoices may not include words such as 'Tax Invoice' or 'GST invoice'. However, we consider that an eInvoice satisfies the requirement that the 'document is intended to be a tax invoice' if the eInvoice is issued by a supplier in accordance with the A-NZ Invoice Specification under the Peppol framework, and it contains all the mandatory data.

Find out more about [eInvoice data requirements](#).

## Rounding of GST

Where an amount of GST includes a fraction of a cent, special rounding rules apply.

Where there is only one taxable sale on a tax invoice, the amount of GST should be rounded to the nearest cent (rounding 0.5 cents upwards).

Where there is more than one taxable sale on a tax invoice, there are 2 rules known as the total invoice rule and the taxable supply rule.

**Total invoice rule** – total and then round GST for each taxable sale to the nearest cent (rounding 0.5 cents upwards).

Or if all taxable sales on a tax invoice include an amount of GST exactly 1/11 of the price, add up the GST-exclusive value of each taxable sale, calculate GST on that amount and then round to the nearest cent (rounding 0.5 cents upwards).

**Taxable sale rule** – work out the amount of GST for each individual taxable sale. Where the unrounded amount of GST has more decimal places than your accounting system can record, round up or down as appropriate. Then add the individual amounts and round this total to the nearest cent (rounding 0.5 cents upwards).

You and your customers don't need to use the same rounding rules.

## Agency relationships

Special rules apply to tax invoices for transactions carried out through agents. For more information see [GSTR 2000/37](#) *Goods and services tax: agency relationships and the application of the law*.

## Recipient-created tax invoices

In most cases, tax invoices are issued by a supplier. However, in special cases, you, as the purchaser or recipient of the goods or services, may issue a tax invoice for your purchases. This is known as a recipient-created tax invoice (RCTI).

### When you can issue an RCTI

You can issue an RCTI if:

- you and the supplier are both registered for GST at the time the RCTI is issued
- you and the supplier agree in writing that you may issue an RCTI and they won't issue a tax invoice
- the agreement is current and effective when you issue the RCTI
- the Commissioner has determined that the type of goods or services sold under the agreement can be invoiced using an RCTI.



Use the [Recipient Created Tax Invoice Determination 2023](#) to find out what goods and services you can issue an RCTI for.

The determination also outlines requirements that you must include in the written agreement between you and the supplier.

Your written agreement can either be a separate document specifying the sales, or you can embed this information or specific terms in the tax invoice.

Use the [Recipient-created tax invoices](#) form as a template for creating RCTIs, or as a reference for information you need to create your own RCTI.

See [GSTR 2000/10](#) *Goods and services tax: recipient created tax invoices* for more information about RCTIs.

## When an RCTI is valid

To be valid, an RCTI must:

- contain enough information to clearly determine the [requirements of tax invoices](#) and show the document is intended to be a recipient-created tax invoice, not a standard tax invoice
- show the suppliers and purchaser's ABN and both must be GST registered at the time the RCTI is issued
- if GST is payable, an RCTI must also show that it's payable by the supplier.

As the recipient, you must:


- issue the original or a copy of your RCTI to the supplier within 28 days of one of the following dates
  - date of the sale
  - date the value of the sale is determined by you
- retain the original or a copy of the RCTI
- reasonably comply with your obligations under the tax laws
- stop issuing RCTIs if any of the requirements for issuing RCTIs are no longer met. For example, the supplier is no longer GST registered.


## RCTI issuer responsibilities

When you issue RCTIs, you need to take reasonable care to ensure you meet all the requirements for [when you can issue an RCTI](#) and your GST credit claims are correct.

It's expected that you:

- have strong systems and checks in place to ensure you meet the requirements to issue RCTIs
- check that the supplier is GST-registered before issuing your first RCTI to them
- undertake periodic checks to ensure your supplier remains GST-registered if you issue RCTIs to them on an ongoing basis.

The [ABN Lookup](#)  has a variety of tools and resources to help you check whether an entity is registered for GST.

A best practice governance approach is to use automated validation checks at the time of issuing the RCTI. You can integrate ABN Lookup validation data into your own software using [ABN Lookup web services](#) .

If a supplier is no longer registered for GST, you cannot issue RCTIs to that supplier. This can lead to you incorrectly claiming GST credits.

If you've incorrectly claimed GST credits because you've relied on a document that is not a valid RCTI, you should make a [voluntary disclosure](#). We encourage you to review your governance frameworks to reduce the risk of future errors.

## GST groups

If a member of a [GST group](#) makes a taxable sale, their identity must be clear on the tax invoice.

If the recipient is a member of a GST group, the buyer's identity must be clearly shown to satisfy the requirement. Include one of the following in the tax invoice:

- the recipient
- the GST group
- the representative member
- another member of the GST group (where there would still be a creditable acquisition if the supply been made to that member).

## Multiple recipients or co-owners

On a single tax invoice for a taxable sale (for \$1,000 or more) to more than one recipient, you must clearly show either:

- the identity of each recipient
- the ABN of each recipient.

On a single tax invoice for a taxable sale made by more than one entity (for example, co-owners of property), you must clearly show either:

- the identity and ABN of each co-owner
- the identity and ABN of one co-owner acting as 'agent co-owner' for the other.

When co-owners receive a tax invoice for a sale (for \$1,000 or more), the tax invoice must clearly show either:

- the identity of each co-owner
- the ABN of each co-owner.

QC 22438

## Claiming GST credits

Report and pay GST amounts and claim GST credits by lodging a BAS or an annual GST return.

**Last updated** 20 June 2024

You can claim a credit for any GST included in the price of any goods and services you buy for your business. This is called a GST credit (or an input tax credit – a credit for the tax included in the price of your business inputs).

### When you can claim a GST credit



Find out if you can claim GST credits.

## When you cannot claim a GST credit



Check when you are not eligible to claim GST credits.

## Effect of GST credits on income tax deductions



Examples explaining the effects of goods and services tax (GST) credits on income tax deductions.

## Special rules for specific GST credit claims



Special GST rules apply when setting up a company and when purchasing second-hand goods, as well as in some other circumstances.

## Time limits on GST credits and refunds



If you're entitled to a GST credit, you need to claim it within the 4-year time limits for claiming GST credits.

QC 22430

# When you can claim a GST credit

Find out if you can claim GST credits.


**Last updated** 15 September 2022

## Claiming GST credits

You can claim a credit for any GST included in the price you pay for things you use in your business. This is called an input tax credit, or a GST credit. To claim GST credits in your BAS, you must be [registered for GST](#).

You can claim GST credits if:

- you intend to use your purchase solely or partly for your business, and the purchase does not relate to making input-taxed supplies
- the purchase price included GST
- you provide or are liable to provide payment for the item you purchased
- you have a tax invoice from your supplier (for purchases more than A\$82.50).

When claiming GST credits, make sure your suppliers are registered for GST. You can check the GST registration status of an entity by searching the [ABN Lookup website](#) . A 4-year time limit applies for claiming GST credits.

For more information on GST credits, time limits and tax deductions, see:

- [Time limits on GST credits and refunds](#)
- [GST credits and income tax deductions](#).

## GST and purchases for private use

If you purchase goods or services for both business and private use, you can only claim a GST credit for the part of the purchase relating to your business use.

If you later find your actual use differed from your intended use, you may need to **adjust** the amount of GST credits you have claimed.

If you are a small business, you may be able to account for the private portion of your business purchases once a year, rather than each time you lodge an activity statement. To do this you need to make an annual private apportionment election.

For more information, see:

- [Annual private apportionment of GST](#)
- [Small business entity concessions](#).

## When you need a tax invoice

You must have a tax invoice to claim a GST credit for purchases that cost more than A\$82.50 (including GST). Your supplier has 28 days to provide you with a tax invoice after you request one. Wait until you receive it before you claim the GST credit, even if this is in a later reporting period.

## Tax invoice is incomplete

An invoice containing incorrect or incomplete information is not a valid tax invoice. You may be able to treat it as a tax invoice if it is missing information that can be obtained from other documents the supplier has given you. Alternatively, you can ask your supplier to replace it with a complete and correct tax invoice.

## When you don't receive a tax invoice

If your supplier does not respond to your request for a valid tax invoice:

- within the 28-day period, and
- you haven't been able to find the missing information from other documents issued to you by the supplier, you can seek our permission to treat a document as a valid tax invoice.

To request our permission, either:

- contact us using [Online services for business](#) or [Online services for agents](#) and select
  - **Communication tab** and then either **Secure mail** or **Practice mail**
  - then select **New**
  - in the **Topic field**, select **View more topics** from the dropdown list
  - in the **Other topics** list, select **GST**
  - **select** the subject **Other Sales, Purchases or Tax invoice enquiry** from the dropdown list
  - complete all the required details and click submit.
- write to us at

- **Australian Taxation Office**  
**PO Box 3524**  
**ALBURY NSW 2640**

## Small purchases

To claim a GST credit for purchases that cost A\$82.50 or less (including GST), you should have one of the following:

- a tax invoice
- a cash register docket
- a receipt
- an invoice.

If you can't get one of these, keep a record of the purchase, such as a diary entry with:

- the name and ABN of the supplier
- the date of purchase
- a description of the items purchased
- the amount paid.

For more information, see [issuing tax invoices](#).

## When you should not be charged GST

GST generally applies to:

- imported services and digital products
- low value imported goods.

You should not be charged GST on these sales if you are registered for GST. You must give the supplier your ABN and state that you are registered for GST. The supplier is not required to provide tax invoices for these sales.

If the supplier has wrongly charged you [GST on an imported service, digital product or a low value imported good](#), you should seek a refund from the supplier.

## Reverse charges rules

If you have not been charged GST on a purchase because you have provided the supplier with your ABN and a statement that you are registered for GST, then, in some circumstances, 'reverse charge' rules require you to pay GST on the relevant purchase through your BAS.

Broadly, under these reverse charge rules, you will need to pay GST on a purchase if you would not have been entitled to claim a full GST credit.

If you are a non-resident business selling goods and services into Australia, see:

- [GST on an imported service, digital product or a low value imported goods](#).

## How to work out a GST credit

If your tax invoice does not specify the amount of GST included in the price of your purchase by only stating that the price includes GST, you can work out the GST amount yourself by dividing the price by 11. The answer is the amount of GST credit you can claim (provided you use the item wholly for business purposes).

For purchases that you use both for business and private purposes, you can claim a GST credit for the portion you use for business purposes. For example, if 50% of your use of the purchased item is for business purposes, you can claim a credit of 50% of the GST you paid.

If you account on a cash basis and have not fully paid for a purchase, you can claim a GST credit only for the GST included in the amount you have paid (for more information, refer to [Choosing an accounting method](#)).

When you have worked out your total GST credits, you can offset them against the amount of GST you are liable to pay to us. If your GST credits are greater than the amount you are liable to pay, you're entitled to a refund.

Follow the links below for more information about:

- [Time limits on GST credits and refunds](#)
- [GST – completing your activity statement](#)
- [Correcting GST errors](#).



## When you cannot claim a GST credit

Check when you are not eligible to claim GST credits.

**Last updated** 30 August 2024

You cannot claim a goods and services tax (GST) credit:

- if you are not registered for GST
- for purchases that do not have GST in the price, including
  - where the sale to you is [GST-free](#) (such as basic foods)
  - where the sale to you is [input-taxed](#) (such as residential accommodation, bank fees and loan interest)
  - purchases from a supplier that is not registered or required to be registered for GST (and therefore cannot charge GST)
- for wages you pay to staff (there is no GST on wages)
- if you do not have a valid [tax invoice](#) for purchases that cost more than \$82.50 (including GST) when you lodge BAS, however, there are specific circumstances where GST credits can be claimed without a tax invoice.

You also cannot claim GST credits for some purchases (even if GST is included in the price), including:

- to the extent that a purchase is for a private or domestic purpose
- to the extent that a purchase is for making an input-taxed supply (such as those associated with providing residential accommodation)
- for real property purchased under the [margin scheme](#)
- for some purchases that you cannot claim as an income tax deduction (such as entertainment expenses)

- for the part of the purchase price of a car that is over the [car limit amount](#) for the relevant financial year
- where the 4-year credit [time limit](#) for claiming a GST credit for the purchase has ended.

QC 22434

## Effect of GST credits on income tax deductions

Examples explaining the effects of goods and services tax (GST) credits on income tax deductions.

**Last updated** 9 December 2019

### Claiming a deduction

If you can claim a deduction for a business purchase in your tax return, claim the amount of the purchase less any goods and services tax (GST) credit you're entitled to.

#### **Example: businesses registered for GST**

Alice, a GST-registered computer repairer, buys stationery for her business. She pays \$22 (including \$2 GST).

Alice can claim a GST credit of \$2 on her activity statement and \$20 as an income tax deduction on her tax return.

If you're not entitled to a GST credit, claim the full cost of the business purchase, including any GST, as a deduction.

#### **Example 1: businesses registered for GST, but purchase relates to making input taxed supplies**

Alice also has a residential unit that she has rented out. She does some repairs to the unit costing her \$110.

As the supply of the residential unit is an input taxed supply, Alice is not entitled to claim any GST credit for the purchases that relate to the unit.

Alice can claim a deduction for the full amount of \$110 on her tax return.

### **Example 2: businesses not registered for GST**

Rob is a computer repairer but is not registered or required to be registered for GST. He buys stationery for his business at a cost of \$22 (including \$2 GST).

Rob cannot claim a GST credit for the \$2 GST as he is not registered for GST. Rob can claim the full \$22 as an income tax deduction on his tax return.

For capital assets, such as machinery, you may be entitled to an income tax deduction for the asset's decline in value (depreciation). The cost of an asset that you can depreciate is reduced by the amount of any GST credit that you are entitled to. That is, when working out the decline in value, use the cost of the asset less any GST credits you're entitled to.

### **Example: GST credits and decline in value**

John is registered for GST and buys a new photocopier for his business. The seller is registered for GST and charges John \$1,100 (including \$100 GST). John can claim a GST credit of \$100 on his activity statement.

John can also claim an amount that reflects the decline in value of the photocopier on his tax return. John subtracts his GST credit from the purchase price ( $\$1,100 - \$100 \text{ GST} = \$1,000$ ), and

uses \$1,000 to calculate the deduction he is entitled to in his tax return.

#### See also

- [When you can claim a GST credit](#)
- [Special rules for specific GST credit claims](#)
- [When you cannot claim a GST credit](#)

QC 22435

## Special rules for specific GST credit claims

Special GST rules apply when setting up a company and when purchasing second-hand goods, as well as in some other circumstances.

**Last updated** 16 June 2015

### Pre-establishment costs

If you're setting up a company, the company can claim GST credits for the GST included in the price of some purchases you make before the company comes into existence, such as set-up fees, business registration, trading stock and business premises.

To claim GST credits for these pre-establishment costs the following seven criteria must apply:

- the purchase must be for the purpose of bringing the company into existence or carrying on a business after it comes into existence
- the company must come into existence and be registered for GST no more than six months after the purchase
- you must become a member, officer or employee of the company
- the company must have fully reimbursed you for the cost of the purchase

- the purchase must not be used to make input-taxed sales or for private purposes
- the company must not be entitled to a GST credit for the purchase, if it subsequently acquires the thing from you
- you must not be entitled to claim a GST credit for the purchase.

## Second-hand goods

You can claim a GST credit for any second-hand goods you buy from unregistered suppliers for the purposes of sale or exchange but not for manufacture (even though GST is not included in the price of the goods), provided you meet certain conditions.

### See also

- [GST and second-hand goods](#)

## Other special rules

There are a number of other special rules about claiming GST credits. They include:

- periodic or progressive supplies, such as lease payments or service contracts
- purchases made with corporate credit cards
- purchases of land under standard land contracts
- supplies of gas and electricity by public utility providers
- lay-by purchases.

### See also

- [GST Ruling: Division 156 - supplies and acquisitions made on a progressive or periodic basis](#)
- [GST Ruling: Corporate card statements - entitlement to an input tax credit without a tax invoice](#)
- [GST Ruling: Attributing GST payable or an input tax credit arising from a sale of land under a standard land contract](#)

- [GST Ruling: Attributing GST payable on supplies of gas and electricity made by public utility providers](#)
- [GST Ruling: Attributing GST payable and input tax credits for supplies and acquisitions under lay-by sale agreements](#)

QC 22436

## Time limit on GST credits

If you're entitled to a GST credit, you need to claim it within the 4-year time limits for claiming GST credits.

**Last updated** 30 August 2024

### 4-year credit time limit

Your entitlement to a GST credit ceases unless it is included in an assessment before the end of 4-year credit time limit.

The 4-year credit time limit ends 4 years after the lodgment due date of the BAS for the tax period in which you could have first claimed the GST credit (setting aside any requirement to hold a tax invoice).

If you account for GST on a cash basis, the earliest tax period in which you can claim a GST credit for a purchase is the tax period in which you make the payment. If you make the payment over multiple tax period, the 4-year credit time limit applies separately to each part of the payment.

If you account for GST on a non-cash (accruals) basis, the earliest tax period in which you can claim a GST credit for a purchase is the first tax period in which either:

- an invoice for the purchase is issued
- you provide part or all of the payment for your purchase.

Actions taken after the 4-year credit time limit ends **can't** revive your entitlement to a GST credit. We have no discretion to extend the 4-year credit time limit.

### **Example: time limit for GST credit (cash accounting)**

Mia paid for office equipment in March 2020. Mia reports quarterly and on a cash basis.

The first tax period in which Mia could have claimed GST credits for the purchase of office equipment is her March 2020 quarterly tax period. Mia's BAS for this quarter is due on 28 April 2020. The 4-year credit time limit ends at the end of the day on 28 April 2024.

## **When a GST credit is included in an assessment**

A GST credit that you have included in your BAS for a tax period is included in your assessment for that tax period. The GST credit is included in your assessment on the day you lodge your BAS.

Where we make an amendment to your assessment to add additional GST credits, those credits will also be included in an assessment. These credits are included on the day we make the amended assessment.

## **When a GST credit is not included in an assessment**

The following actions don't result in a GST credit being included in your assessment:

- applying for a private ruling
- making a request for an amendment to your assessment
- lodging a revised activity statement (this is treated as a request for an amendment to your assessment)
- making a voluntary disclosure.

These actions are requests for us to do something. Consideration of your request may take time. Any revision or amendment we make to

your assessment as a result of your application or request may not be done on the day you make your request.

GST credits will only be included in your assessment if as a result of considering your request, we make a revision or amendment to your assessment. The GST credits will be included in the assessment at the time the revision or amendment is made.

If the 4-year credit limit has ended before any revision or amendment is made, your entitlement to the GST credit will have ceased and we can't revise or amend your assessment to include the GST credits, unless an exception applies. It doesn't matter if your application or request was made within the 4-year credit time limit for the GST credits or during the period of review for the assessment.

GST credits that you have not previously claimed don't have to be claimed in the original tax period. You can claim the credits in your next BAS. However, the next BAS will need to be lodged within the 4-year credit time limit for those GST credits otherwise your entitlement to those credits will cease.

If you consider you are entitled GST credits that haven't been included in an assessment in which you could have first claimed them, we recommend you consider your options early and do not leave requests to the last minute.

If you are under current compliance activity, you should engage with the compliance team in relations to these options.

## Objections

Lodging an objection request by itself does **not** result in a GST credit being included in your assessment.

But we may still be able to allow your GST credit if all of the following are met:

- you lodge a valid objection which includes your position that you are entitled to the unclaimed GST credits in the tax period
- the objection is lodged within the 4-year credit time limit for those GST credits
- we, or subsequent court or tribunal proceedings, agree you are entitled to the GST credits in that tax period.



If your objection is lodged outside the 4-year credit limit your entitlement to the GST credits will have ceased. This will be the case even if the objection was lodged in the objection time limits or is treated by us as being lodged within the objection time limits.

If unclaimed GST credits are not attributable to the tax period that the objection is for, the credits can't be allowed as part of the objection. If the 4-year time limit for those GST credits passes without the credits being included in an assessment, your entitlement to those credits will still cease.

Lodging a private ruling request, amendment request or a voluntary disclosure within the 4-year credit limit doesn't achieve the same outcome as lodging a valid objection within the 4-year credit time limit.

## **Period of review**

The 4-year credit time limit is different to the period of review.

The period of review is the period during which we can amend your assessment. This is generally, 4 years from when you lodge your BAS. The period of review can be extended by an agreement or could be refreshed where there is an amendment. There are also some exceptions to this period where we can amend your assessment after the period ends. The 4-year credit limit is not an exception to the period of review.

While we might be able to amend your assessment (for example, where we are within the period of review or because of an exception to the period of review), we can't amend the assessment to include unclaimed GST credits if the 4-year credit time limit has ended and no exception applies.

## **Exceptions to the 4-year credit time limit**

The first exception applies if, in the absence of fraud or evasion, you didn't claim a GST credit for an acquisition that you believed related to an input-taxed supply and an amendment is made on the basis that the supply is not input taxed.

You are able to claim the GST credit in these circumstances if we are still able to amend the assessment for the tax period to which the GST credit would have first been attributable.

The second exception applies where you ask us to treat a document as a tax invoice within the 4-year credit time limit. If we agree to your request after the 4-year credit time limit has ended, you will remain entitled to the GST credit.

For more information see:

- [MT 2024/1: Miscellaneous Tax: time limits for claiming an input tax or fuel tax credit](#)
- [Period of review](#)

QC 22778

## Accounting for GST in your business

Choosing an accounting method, thinking about cash flow and GST and the advantages of keeping good records.

**Last updated** 5 April 2019

As a GST-registered business, you need to issue tax invoices to your customers, collect GST and send it to us with your business activity statement (BAS). There are a few ways you can make this easier to manage:

- use business accounting software to produce tax invoices and automatically generate reports of your GST liabilities and credits at BAS time
- put the GST you collect in a separate bank account
- take advantage of the cash accounting option to better align your GST liabilities with your business cash flow.

### Next steps

- [Choosing an accounting method](#)
- [Paying GST and your cash flow](#)
- [BAS and GST tips](#)

## **Paying GST and your cash flow**



Use our instalment and calculation methods to work out how much your income exceeds the GST credits.

## **Choosing an accounting method**



Work out which method is suitable for you when accounting for GST and find out more on the accounting method.

QC 22437

# **Paying GST and your cash flow**

Use our instalment and calculation methods to work out how much your income exceeds the GST credits.

**Last updated** 16 June 2015

As a GST-registered business, you charge and collect GST. If the GST you collect is more than the GST credits you are claiming (for the GST in the products you purchased for your business) you send the difference to us with your business activity statement.

Most businesses do this every three months. It's important to put aside the GST you collect so you can meet your obligations when they fall due.

There are a few ways you can make it easier to manage your GST liability. For example, most small businesses have a choice of two ways to work out the GST in their activity statement: the instalment method or the calculation method.

## **Instalment method**

If your business income is reasonably consistent throughout the year, you might prefer to pay a GST instalment amount (option 3 in your business activity statement). This is an amount we calculate based on what you paid in the previous income year.

It means your quarterly payment is always the same (you can vary the amount if circumstances change), so you know how much to put aside. You then report your actual GST sales and purchases on an annual GST return.

## Calculation method

If your business income fluctuates, it's probably best to use the calculation method (option 1 in your activity statement). This means you calculate the GST on sales and purchases each quarter when you do your business activity statement.

### See also

- [Lodging your BAS or annual GST return](#)

## Low-fee bank accounts

Many banks offer low or no-fee accounts where you can put aside your GST money. If most of your sales and purchases are subject to GST, then you should put aside one-eleventh of your sales less one-eleventh of your purchases.

## Choice of accounting method

If you run a small business you can account for GST on a cash basis. The advantage of [cash accounting](#) is that it's easier to manage your cash flow as the money flowing through your business is better aligned with your business activity statement liabilities.'

## If you're having trouble lodging or paying

If you're having trouble lodging your activity statement or paying your tax debt on time, contact us as soon as possible. We'll work with you to make alternative arrangements.

### See also

- [How we can help](#)

**Media:** Stay in control of your business

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubfihr61>  (Duration: 01:38)

QC 22441

## Choosing an accounting method for GST

Work out which method is suitable for you when accounting for GST and find out more on the accounting method.

**Last updated** 17 December 2019

There are two methods of accounting for GST (goods and services tax), a cash basis and a non-cash basis (accruals).

The method you use will affect when you must report GST.

Businesses with an aggregated turnover (your business's turnover and the turnover of closely associated entities) of less than \$10 million, or who use cash accounting for income tax, can use either method. Most larger businesses must use the non-cash method.

### Find out about

- [Accounting for GST on a cash basis](#)
- [Accounting for GST on a non-cash basis](#)
- [Simplified accounting for food retailers](#)
- [How to change accounting methods](#)

Businesses using cash, accounting or simplified accounting methods are still eligible for Simpler BAS reporting if their GST turnover is less than \$10 million.

## Accounting for GST on a cash basis

Businesses with an aggregated turnover of less than \$10 million can choose to account for their GST using the cash accounting method.

Accounting on a cash basis means you account for GST on the business activity statement that covers the period in which you receive or make payment for your sales and purchases.

The advantages of the cash accounting method are that:

- the money flowing through your business is better aligned with your activity statement liabilities, so it's easier to manage your cash flow
- it's suited to smaller businesses that handle cash transactions.

You can use the cash accounting method if any of the following applies:

- you are a small business entity – that is, an individual, partnership, trust or company with an aggregated turnover of less than \$10 million
- you are not carrying on a business, but your enterprise's GST turnover is \$2 million or less
- you account for income tax on a cash basis
- you run a kind of enterprise we have agreed can account for GST on a cash basis regardless of your GST turnover, that is
  - a government school
  - an endorsed charitable institution or trustee of an endorsed charitable fund
  - a gift-deductible entity (unless it operates a fund, authority or institution that can receive tax-deductible gifts or contributions).

If you do not fit into any of the above categories, you can ask to be allowed to account for GST on a cash basis.

**See also**

- [Accounting for GST – supporting information](#)
- [GST definitions](#)
- [Working out your GST turnover](#)
- [Small business entity concessions](#)

- [GST concessions](#) – for NFP (not-for-profit) organisations

## Sales

You account for the GST payable on the sales you make in the reporting period in which you receive payment for them.

If you receive only part payment for a sale in a reporting period, you only account for the GST in the part of the payment you received.

## Purchases

You account for GST credits on your purchases in the reporting period in which payment is made. You must have a tax invoice before you can claim a GST credit, except for purchases costing \$82.50 or less.

It is to your advantage to claim your GST credits in the reporting period in which you make the purchases they relate to, but you are not obliged to. You have four years to claim credits.

If you pay only part of the cost of a business purchase in a reporting period, you claim only the GST credit for the part of the cost you paid.

### See also

- [Claiming GST credits](#)

## Accounting for GST on a non-cash basis

Most larger businesses must use the non-cash accounting method. Small businesses can choose to use either the cash method or the non-cash method.

Using the non-cash method means you account for GST on the business activity statement that covers the period in which you either:

- received any payment or you have issued the tax invoice before receiving payment (for a sale)
- received the invoice from your supplier before making the payment, or made any payment for a purchase.

This method is better suited to businesses that are not paid immediately and is:

- a way to track your true financial position – what is owed and what you owe

- helpful if you are dealing with multiple contracts and large amounts of money.

Non-cash accounting can be more complicated than cash accounting and you may need assistance from your registered tax or BAS agent.

## Sales

You account for the GST payable on the sales you make in the reporting period in which you issue a tax invoice or receive full or part payment, whichever happens first.

This means that if you receive a payment before issuing the tax invoice, you must include the GST amount in the reporting period in which the payment happened, even if it is not the period you issue the invoice.

## Purchases

You must have a tax invoice for a purchase before you can claim a GST credit.

It is to your advantage to claim your GST credits in the reporting period in which you either receive the tax invoice from your supplier or make some payment (whichever comes first) – but you are not obliged to. You have four years to claim credits.

### See also

- [Claiming GST credits](#)

## Simplified accounting for food retailers

Small food retailers such as bakeries, milk bars and convenience stores make both taxable and GST-free sales.

If you don't have adequate point-of-sale equipment to account for taxable and GST-free sales, you can report your sales and purchases using the GST simplified accounting methods (SAM) for food retailers. The simplified method uses pre-calculated business norms percentages for different types of food retailers.

### Find out about

- [GST for food retailers – Simplified accounting methods](#)



- [Business norms method](#)
- [Notifying us](#)

## How to change accounting methods

If you are eligible to change accounting methods, you can [contact us](#) or ask your accountant to contact us on your behalf.

Changing from the cash method to the non-cash method can only take effect on the first day of a tax period.

In the first tax period after the change, you will need to account for sales or purchases that you have not previously accounted for or claimed.

This means that in the first tax period you use the non-cash method you need to:

- report the GST on any sales for which you had issued invoices before the date of the change but had not yet received payment
- account for the balance of GST on any sales that had been partly accounted for before the change.

You are also eligible to claim any unclaimed GST credits that you hold a tax invoice for in that first tax period.

### See also

- [How we can help](#)

QC 22440

## Lodging your BAS or annual GST return

Report and pay GST amounts and claim GST credits by lodging a BAS or an annual GST return.

**Last updated** 16 June 2015

We issue your business activity statement about two weeks before the end of your reporting period, which for GST is usually every three months. The date for lodging and paying is shown on your activity statement.

Follow the links below for more information about:

- [Options for reporting and paying](#), including monthly and quarterly GST reporting

**See also**

- [Business activity statements \(BAS\)](#)

### Options for reporting and paying GST



Your GST reporting cycle may be monthly, quarterly or annually, depending on your GST turnover and other requirements.

QC 22443

## When and how to report and pay GST

Your GST reporting cycle may be monthly, quarterly or annually, depending on your GST turnover and other requirements.

**Last updated** 23 October 2018

Your GST reporting and payment cycle will be one of the following:

- Monthly – if your GST turnover is \$20 million or more.
- Quarterly – if your GST turnover is less than \$20 million – and we have not told you that you must report monthly.
- Annually – if you are voluntarily registered for GST. That is, you are registered for GST; and your GST turnover is under \$75,000 (\$150,000 for not-for-profit bodies).

Depending on your circumstances, you can change the cycle you use to report and pay GST. This may happen when your GST turnover changes or if you choose to report and pay using a different cycle.

If you elect to change your cycle early in the lodgment period (for example, in the first month of the quarter or at the beginning of the financial year) you can generally commence the new cycle straight away. Otherwise, the new cycle will take effect from the start of the next quarter or year.

[Contact us](#) if you need to change your GST reporting and payment cycle.

**Find out about GST reporting methods:**

- [Monthly GST reporting](#)
- [Quarterly GST reporting](#)
- [Annual GST reporting](#)

### Monthly GST reporting



You have different GST reporting requirements if your business has a GST turnover of \$20 million or more.

### Quarterly GST reporting



GST reporting options if your business has a GST turnover of less than \$20 million.

### Annual GST reporting



If you are voluntarily registered for GST and have not made an election to pay GST by instalments check your options.

QC 39643

## Monthly GST reporting

You have different GST reporting requirements if your business has a GST turnover of \$20 million or more.

**Last updated** 30 March 2021

If your GST turnover is \$20 million or more, you must report and pay GST monthly and lodge your activity statement electronically through Online services for business.

We also require some other businesses to report monthly – we notify those that must do this.

Other businesses may choose to report GST monthly when their GST turnover is less than \$20 million.

If you report and pay monthly, you use one of two reporting methods:

- [Full reporting method](#)
- [Simpler BAS reporting method](#) – if your business has a GST turnover of less than \$10 million.

If you are required, or choose, to lodge your activity statements through Online services for business, we advise you by email when your activity statement is available if we have your email address. If you use a paper activity statement, we will send you the appropriate one before you need to lodge it.

#### **See also**

- [Online services for business](#)

## **Full reporting method**

If your GST turnover is \$10 million or more, you need to use the full reporting method.

You can also elect to use the GST full reporting method if either:

- your [GST turnover](#) is less than \$10 million but you have [aggregated turnover](#) greater than \$10 million (for the previous year or the current year)
- you make input taxed supplies as your main business or enterprise activity.

Under the full reporting method, you calculate, report and pay your GST amounts monthly. You provide more detailed information on your business activity statement (BAS) using this method.

You can use either the accounts method or the calculation worksheet method to work out your GST amounts for your activity statement.

## What you need to report

If you report and pay GST monthly and your GST turnover is \$10 million or more, you must report amounts at the following labels on your activity statement each month:

- G1 Total sales
- G2 Export sales
- G3 Other GST-free sales
- G10 Capital purchases
- G11 Non-capital purchases
- 1A GST on sales
- 1B GST on purchases.

If you have a wine equalisation tax (WET), luxury car tax (LCT) or fuel tax credit (FTC) obligations or entitlements, you must also report these amounts each month (labels **1C**, **1D**, **1E**, **1F**, **7C** or **7D**). These labels are shown on your BAS if you have these obligations.

You can use either the accounts method or the calculation worksheet method to work out your GST amounts.

## Simpler BAS reporting method

If you have a GST turnover of less than \$10 million, you may report monthly using [Simpler BAS](#).

Under this reporting method, you report less information on your monthly activity statement, but still calculate and pay your GST amounts monthly.

## What you need to report

You report amounts at the following labels on your activity statement each month, if your GST turnover is less than \$10 million:

- G1 Total sales
- 1A GST on sales
- 1B GST on purchases.

You do not need to report amounts at the following labels:

- G2 Export sales
- G3 Other GST-free sales
- G10 Capital purchases
- G11 Non-capital purchases.

If you have wine equalisation tax (WET), luxury car tax (LCT) or fuel tax credit (FTC) obligations or entitlements, you must also report these amounts each month (labels **1C**, **1D**, **1E**, **1F**, **7C** or **7D**). These labels are shown on your BAS if you need to report on them.

## Dates for lodgment and payment

We print the dates you are due to lodge and pay on your activity statement. These may be different if you have an arrangement for an extension of time.

Your activity statement must be lodged and payment made by the 21st of the following month. If the due date falls on a weekend or a public holiday, you have until the following business day to lodge and pay.

## Changing your reporting and payment cycle

Depending on your circumstances, you may choose to report and pay monthly, quarterly or annually.

If your GST turnover increases above or falls below \$10 million, your reporting method changes.

If you're changing from a monthly to quarterly cycle or from a quarterly to monthly cycle, you need to tell us in the first month of the relevant quarter so you can start your new cycle from that quarterly period. Otherwise, the new cycle takes effect from the start of the next quarter.

### Next step

- [Contact us](#) to change your GST reporting and payment cycle.

QC 16230

## Quarterly GST reporting

GST reporting options if your business has a GST turnover of less than \$20 million.

**Last updated** 17 January 2018

If your GST turnover is less than \$20 million and we haven't told you to report GST monthly, you can report and pay GST quarterly.

If you report and pay quarterly, you use one of three reporting methods:

- [Full reporting method](#)
- [Simpler BAS reporting method](#)
- [GST instalments method \(pay quarterly and report annually\)](#)

### See also:

- [Monthly GST reporting](#) – if your business has a GST turnover of \$20 million or more
- [Lodgment and payment dates](#)
- [Changing reporting methods](#)

## Full reporting method

If your GST turnover is \$10 million or more, you need to use the full reporting method.

Under the full reporting method, you calculate, report and pay your GST amounts quarterly. You provide more detailed information on your business activity statements (BAS).

You can use either the accounts method or the calculation worksheet method to work out your GST amounts for your BAS.

You have the option to use the GST full reporting method or Simpler BAS when you report quarterly if either:

- your [GST turnover](#) is less than \$10 million but you have [aggregated turnover](#) greater than \$10 million (for the previous year or the current year)
- you make input-taxed supplies as your main business or enterprise activity.

**Find out about:**

- [Simpler BAS reporting method](#)

## What you need to report

If you report and pay GST quarterly and your GST turnover is \$10 million or more, you must report amounts at the following labels on your activity statement each quarter:

- G1 Total sales
- G2 Export sales
- G3 Other GST-free sales
- G10 Capital purchases
- G11 Non-capital purchases
- 1A GST on sales
- 1B GST on purchases.

You can use either the accounts method or the calculation worksheet method to work out your GST amounts.

If you have a wine equalisation tax (WET), luxury car tax (LCT) or fuel tax credit (FTC) obligations or entitlements, you must also report these amounts each quarter (labels **1C**, **1D**, **1E**, **1F**, **7C** or **7D**). These labels are shown on your BAS if you have these obligations.

## Simpler BAS reporting method

If your GST turnover is less than \$10 million, you need to use the Simpler BAS reporting method unless you are on GST instalments.

Under this reporting method, you report less information on your quarterly BAS, but still calculate and pay your GST amounts quarterly.



## What you need to report

You must report amounts at the following labels on your Simpler BAS form each quarter, if your GST turnover is less than \$10 million:

- G1 Total sales
- 1A GST on sales
- 1B GST on purchases.

You do not need to report amounts at the following labels:

- G2 Export sales
- G3 Other GST-free sales
- G10 Capital purchases
- G11 Non-capital purchases.

If you have a wine equalisation tax (WET), luxury car tax (LCT) or fuel tax credit (FTC) obligations or entitlements, you must also report these amounts each quarter (labels **1C**, **1D**, **1E**, **1F**, **7C** or **7D**). These labels are shown on your BAS if you have these obligations.

## GST instalments method (pay quarterly and report annually)

You may elect this reporting method if you meet the eligibility requirements, including where you either:

- carry on a business with an aggregated turnover of less than \$10 million
- do not carry on a business (for example, you are a not-for-profit organisation) and your GST turnover is \$2 million or less.

If you elect to use this reporting method, you pay a quarterly GST instalment that we work out (you can vary it), and report your actual GST information annually on an annual GST return.

If you wish to use the GST instalments method you need to [contact us](#).

**See also:**

- [Paying GST by instalments](#)
- [Small business entity concessions](#)

## What you need to report

You must report amounts at the following labels on your annual GST return:

- G1 Total sales
- 1A GST on sales
- 1B GST on purchases
- 1H GST instalment amounts reported in your quarterly instalment notices for the period shown on the annual GST return.

You do not report amounts at these labels:

- G2 Export sales
- G3 Other GST-free sales
- G10 Capital purchases
- G11 Non-capital purchases.

If you have a wine equalisation tax (WET), luxury car tax (LCT) or fuel tax credit (FTC) obligations or entitlements, you must also report these amounts each quarter (labels **1C**, **1D**, **1E**, **1F**, **7C** or **7D**). These labels are shown on your annual GST return if you have these obligations.

You use your annual GST return to account for any difference between your actual GST liability and the total of your GST instalments for the year (or the period shown on your annual GST return). You show the total amount of GST instalments that were payable for the year (or the period shown on your annual GST return) at label **1H** of your annual GST return.

If the total instalments are more than your actual GST liability for the year, you claim a refund from us. If your total instalments are less than your actual GST liability, you must pay the difference to us by the time your annual GST return is due.

Under the GST instalments method, any refund you may be entitled to is paid after you lodge your annual GST return for the year.

You can [contact us](#) to change your GST reporting method to your preferred option.

### See also:

- [GST instalments](#)

- [Business activity statements \(BAS\)](#)

## Lodgment and payment dates

The following table provides a summary of the payment and lodgment dates for businesses that report or pay GST quarterly.

**Table 1: For businesses that report or pay GST quarterly**

Quarter	Payment and lodgment date
September quarter	28 October
December quarter	28 February
March quarter	28 April
June quarter	28 July

If you have chosen to pay by GST instalments, your instalments are also due on the dates shown above.

If you are a primary producer or a special professional who pays only two GST instalments for the year, your instalments are due on 28 April and 28 July.

If the due date falls on a weekend or a public holiday, you have until the next business day to report and pay.

If you pay GST instalments, your annual GST return will be due on the same date your income tax return is due. If you are not required to lodge an income tax return, your annual GST return will be due by 28 February following the financial year the return covers.

## Changing reporting methods

Your GST turnover directly determines whether you use the Simpler BAS or full reporting method. If your GST turnover increases above or falls below \$10 million, your reporting method changes.

To elect to use the GST instalment method, there are additional eligibility requirements.

If you want to switch from or to GST instalments, you need to [contact us](#).

If you contact us by 28 October, your election or revocation will generally take effect from 1 July of that financial year (or by the concessional due date, if you lodge your September quarter activity statement through a registered agent).

If you contact us after 28 October, your election or revocation will generally take effect from 1 July of the next financial year.

You may request in writing that your election take effect from the start of an earlier tax period. However, we will only approve your request under exceptional circumstances.

**See also:**

- [GST instalments](#)

QC 16229

## Annual GST reporting

If you are voluntarily registered for GST and have not made an election to pay GST by instalments check your options.

**Last updated** 17 January 2018

You can elect to report and pay GST annually. You can only use this method if you are voluntarily registered for GST. That is, you are registered for GST and your turnover is under \$75,000 (or \$150,000 for not-for-profit bodies).

If you are eligible and have elected to report and pay GST annually, you do not need to report or pay any GST during the year. At the end of the financial year, you must report and pay any amount due.

If you are using the deferred GST scheme you need to withdraw from the scheme.

If you are a representative member of a GST group, you can elect to report GST annually only if each member of the group is eligible. Once an election is made, annual tax periods will apply to all group members.

## **Simpler BAS reporting method**

If you report and pay GST annually, you use the Simpler BAS reporting method. The full reporting and instalment methods are not available.

Under this reporting method, you report less information on your Annual GST return, and you calculate and pay your GST amount annually.

### **What you need to report**

You must report amounts at the following labels on your activity statement each year:

- G1 Total sales
- 1A GST on sales
- 1B GST on purchases.

You do not need to report amounts at the following labels:

- G2 Export sales
- G3 Other GST-free sales
- G10 Capital purchases
- G11 Non-capital purchases.

#### **Find out about:**

- [Reporting other tax obligations annually](#)
- [How to elect to report GST annually](#)
- [When you can make your election](#)
- [When your election takes effect](#)
- [Check your eligibility each year](#)
- [When your election ceases to have effect](#)
- [When to lodge your annual GST return](#)

- [Making early payments](#)

**See also:**

- [Do you need to register?](#)
- [Working out your GST turnover](#)

## Reporting other tax obligations annually

If you elect to report GST annually and you have a wine equalisation tax (WET), luxury car tax (LCT) or fuel tax credit (FTC) obligations or entitlements, you must also report these amounts annually (labels **1C**, **1D**, **1E**, **1F**, **7C** or **7D**). These labels are shown on your BAS if you have these obligations.

If you have other tax obligations, such as pay as you go (PAYG) withholding for employees, you will need to continue to lodge a business activity statement either monthly or quarterly showing these amounts.

**See also:**

- [Business activity statements \(BAS\)](#)

## How to elect to report GST annually

You can elect to report GST annually by [contacting us](#).

If you phone, have your ABN and either your TFN or activity statement document ID number (from the top right corner of the first page) on hand.

If you write, ensure your application is signed and contains your business's name, ABN, a brief reason for your request and the date from which you would like your election to take effect.

## When you can make your election

You have a limited period of time at the beginning of each financial year to elect to report annually. You can elect between 1 July and:

- 21 August – if you currently report GST monthly
- 28 October – if you currently report GST quarterly.

There are exceptions if you:

- have only been registered for GST for six months or less
- only became eligible for annual reporting after 28 October in the relevant financial year.

In both cases, you have until the first day you are required to lodge a GST return after you became eligible for annual reporting to make an election to report annually.

## When your election takes effect

Your election will take effect from the start of the earliest tax period for which your activity statement is not yet due.

For example, if you report GST monthly and make your election by 21 August, your election will take effect from 1 July of the year in which you elect (because your activity statement for July is not due until 21 August).

Similarly, if you report GST quarterly and make your election by 28 October (the day your quarterly statement is due), your election will take effect from 1 July of the year in which you elect.

## Earlier start dates

You may apply for your election to take effect from an earlier date. Your application must be in writing, signed, contain your business name, ABN, a brief reason for your request and the date from which you would like your election to take effect.

The date you choose must be the first day of a tax period that applies to you. Such applications will only be approved in exceptional circumstances.

### See also:

- [How we can help – Write to us](#)

## Check your eligibility each year

Once you have elected to report GST annually, you do not need to re-elect each year. However, at the end of each financial year you must check that you are still eligible to report annually the following year.

Good business records will help you obtain an accurate picture of your business and its turnover, and therefore whether or not you have to register for GST (which would make you ineligible for reporting annually).

**See also:**

- [When do you need to register?](#)
- [Working out your GST turnover](#)

## **When your election ceases to have effect**

Your election to report GST annually will cease to have effect if any of the following scenarios apply:

- Your GST registration is cancelled.
- The Commissioner of Taxation disallows your election – if you fail to comply with any of your tax obligations, your election may be disallowed at any time.
- You become bankrupt, go into liquidation or receivership. The tax period will end the day before such an event.
- You determine as at 31 July that your projected annual turnover will reach or exceed the registration turnover threshold. You need to let us know if this is the case so we can send you the correct business activity statements.
- You revoke your election. If you change your GST reporting period to monthly or quarterly on or before 28 October, your election will cease to have effect from the previous 1 July. If you revoke your election after 28 October, it will cease to have effect from the following 1 July.
- There is a change in membership of a GST group of which you are a member. The election to report GST annually, and the annual tax period that applies, ends the day the membership changes. All members of the group revert to their previous tax reporting period, either monthly or quarterly.

## **When to lodge your annual GST return**

We will send you an annual GST return in July. The first return will be for the period from the date your election took effect to 30 June.



Thereafter it will relate to the period 1 July to 30 June.

You must report and pay your GST, WET, LCT and/or FTC amounts (if applicable) for this tax period when you lodge your annual GST return.

The date for lodgment of your annual GST return and payment of any amounts is either:

- the date for lodgment of your income tax return
- 28 February following the annual tax period, if you are not required to lodge an income tax return.

If you complete your annual GST return using Simpler BAS, for the GST component you only report labels G1 Total sales, 1A GST on sales and 1B GST on purchases.

**See also:**

- [Annual GST return](#)

## Making early payments

You can make voluntary (early) payments to offset your future tax liability at any time using any of the following methods:

- Direct credit or BPAY® using your electronic funds transfer (EFT) code. Your EFT code is shown above the barcode on your payment advice form and is also provided in the internet-based electronic commerce system. If you don't have an EFT code, you can obtain one by phoning us on **1800 815 886**.
- Mail, or at Australia Post, using your personalised payment advice forms. You can order a booklet of personalised payment advice forms by phoning our business direct self-help service on **13 72 26** and pressing **4** for payment forms, then **2** to request personalised payment advice forms. These payment advice forms can be used only for activity statement obligations.

QC 17907

## If your business changes or ceases

When you must cancel your GST registration and how to complete your last GST activity statement.

**Last updated** 23 September 2016

You must cancel your GST registration if you close or sell your business.

You may need to cancel your GST registration if your business structure changes (such as, from a partnership to a company).

You can't operate on a GST-registered basis after the date you cancel your GST registration. You may also need to cancel your ABN.

### Next steps

- [Cancelling your GST registration](#)
- [Completing your last GST activity statement](#)
- [Cancelling your ABN registration](#)

### See also

- [Working out your GST turnover](#)

## Cancelling your GST registration



Make sure to cancel your GST registrations when selling or closing your business.

## Completing your last GST activity statement



What you include when completing your BAS for the tax period your registration cancellation 'date of effect' occurs in.

QC 22444

# Cancelling your GST registration

Make sure to cancel your GST registrations when selling or closing your business.

**Last updated** 4 March 2025

## When to cancel your GST registration

You or your registered tax or BAS agent **must** cancel your GST registration within 21 days of:

- selling or closing your business
- changing your business structure – this includes changing from a partnership to a company, unless the old business carries on another business.


You can choose to cancel your GST registration if your GST turnover is below the threshold for compulsory registration, **unless** you:

- are a taxi driver (including ride-sourcing or chauffeur services)
- represent an incapacitated entity who is registered or required to be registered for GST – for example, an individual who is bankrupt or a company in liquidation
- are an Australian resident who acts as an agent for a non-resident that is registered (or required to be registered) for GST.

To confirm you no longer require your GST registration or for information on thresholds and working out your GST turnover, refer to [Registering for GST](#).

If you are a non-resident business, see [Non-resident businesses and GST](#).

## Effect on other registrations

If you are [pausing or permanently closing your business](#) (you can also refer to the [Pausing or permanently closing your business fact sheet](#) ) , you must still meet your tax and superannuation lodgment, reporting and payment obligations.

Cancelling your GST registration may affect some, but not all your other registrations.

When you cancel your GST registration, your fuel tax credit, luxury car tax (LCT) and wine equalisation tax (WET) registrations will also be automatically cancelled.

You must keep lodging activity statements if you:

- are registered for pay as you go (PAYG) withholding
- have entered into PAYG instalments
- have fringe benefits tax (FBT) obligations.

## Cancellation date

The date you choose to cancel your GST registration should be the last day you want to be registered.

We usually cancel your GST registration from the date you choose.

You cannot:

- cancel your registration retrospectively if you were still operating on a GST-registered basis after the date you chose
- continue to operate on a GST-registered basis after your cancellation date
- cancel if you have already lodged an activity statement for the period containing the date of cancellation.

## How to cancel your GST registration

You can cancel your GST registration and any other roles or registrations together or separately:


- through [Online services for business](#)
- through your registered tax or BAS agent
- by phone on **13 28 66** – between 8.00am and 6.00pm, Monday to Friday
- by completing the *Application to cancel registration* (NAT 2955) through [Order publications](#) and posting it to us.


Registered tax agents can use Online services for agents [to update or cancel a client's tax registration](#).

## Simplified GST registration

If you are a non-resident business registered under the [simplified GST registration](#) system, your authorised contact can [email](#) us to [cancel your registration](#).


## Cancelling your Australian business number (ABN)

If you are cancelling your GST registration because you [restructured your business, sold it or closed it down](#), you must also [cancel your ABN registration](#)  within 28 days.

If you're a company registered with the [Australian Securities & Investments Commission \(ASIC\)](#) , but no longer carry on a business, you can choose to keep your ABN registration, but you must cancel your GST registration.

If you're cancelling your GST registration, consider your other Australian tax and super obligations before cancelling your ABN.

When you cancel your ABN, your GST, LCT, WET and fuel tax credits registrations will also be cancelled. You will not receive any future activity statements unless you have PAYG withholding or PAYG instalments.

You can cancel your ABN online through the [Australian Business Register](#)  (ABR).

QC 39540

## Completing your last GST activity statement

What you include when completing your BAS for the tax period your registration cancellation 'date of effect' occurs in.

**Last updated** 16 June 2015

You must complete a business activity statement for the tax period your registration cancellation 'date of effect' occurs in. You must report all the following information:

- all sales, purchases and importations made in your final tax period, including
  - the sale of the business
  - the sale of any of the business's assets
- adjustment for any assets held after cancellation
- any other adjustments.

If you operate on a [cash basis](#), you will need to record all the sales and purchases that you still need to attribute from a previous tax period.

You will need to lodge any outstanding business activity statements and account for any outstanding GST amounts.

If you still have PAYG withholding, PAYG instalments or fringe benefits tax obligations, continue to report these obligations to us on an instalment activity statement.

See also:

- [Making an adjustment on your activity statement](#)
- [Adjusting for assets retained after cancelling GST registration](#)

QC 39546

## How we can help

Video tips, online answers to your questions and a range of phone services to help you meet your GST obligations.

**Last updated** 13 July 2023

Find out about the GST issues registers, how to contact us and our video tips to help you meet your GST obligations.

# Answering your questions

## Online

Find out more about tax time essentials, learning resources, tools and services to [support your small business](#).

## Phone us

- **13 28 66** – available between 8:00 am and 6:00 pm, Monday to Friday.
- **13 72 26** – our direct self-help service is available 24 hours a day. If you want to elect to report your GST annually, press **1** for lodgment, then **2** to elect GST annual reporting.

If you would like someone else to phone us on your behalf, such as a registered tax agent, family member or friend, make sure they are recorded with us as authorised to act for you.

## Write to us

Address your GST enquiries to:

**Australian Taxation Office**  
**PO Box 3524**  
**ALBURY NSW 2640**

## Cancelling your registration

To cancel your GST registration, post your registration cancellation form to the relevant address below:

- For VIC, SA, WA and TAS

**Australian Taxation Office, Registrations**  
**VIC/SA/WA/TAS**  
**PO Box 3373**  
**ALBURY NSW 2640**

- For NSW, QLD, NT and ACT

**Australian Taxation Office, Registrations**  
**NSW/QLD/NT/ACT**  
**PO Box 3373**  
**PENRITH NSW 2740**

## Other ways to contact us

See other ways to [contact us](#) for help with tax and super.

## GST video tips and examples

Our short GST videos offer simple, practical tips to help you manage GST in your business.

Videos can be found on [atoTV](#)  and cover the following topics:

- Identity theft
- Getting your GST right
- When to register for GST
- How to complete your BAS
- Lodging your BAS on time
- How to keep your records for GST
- How to stay in control of your business
- Tax evasion and crime
- Data matching.

## GST issues registers

For more information and guidance, see:

- [GST issues registers](#) – for issues from the GST issues registers that are not public rulings.
- [Public rulings](#) – for issues from the GST issues registers that are public rulings.

QC 22442

## Input Tax Credit estimators

Understand the risks and governance required when using an Input Tax Credit (ITC) estimator for calculating GST



credits.

**Last updated** 7 September 2022

## **What is an Input Tax Credit estimator**

An ITC estimator is our general term for any methodology used to estimate GST credits for unprocessed tax invoices (tax invoices you hold that haven't been processed in your accounting system at the end of a tax period – or in time for your business activity statement (BAS) lodgment).

There are various ITC estimator methodologies. They all rely on data to calculate an estimate, average, or percentage of GST credits for the unprocessed tax invoices of a business for a tax period.

ITC estimators are generally used by large organisations that have the necessary governance, processes, and systems in place to ensure that the ITC estimator is used and reviewed appropriately.

## **Risks associated with using an ITC estimator**

We strongly encourage you to assess all of the risks associated with the use of ITC estimators.

An ITC estimator raises the complexity of your accounting arrangements and increases the risk that you'll over-claim your GST credits. As a result, you're more likely to be reviewed by us.

Your compliance costs may increase if you use an ITC estimator. This is because in addition to undertaking regular reviews of your ITC estimator methodology, you may need to make revisions to your BAS for tax periods where you have over-claimed your GST credits.

An ITC estimator will adversely impact your business' risk profile with us if you don't have appropriate controls and strong governance in place.

If you use an ITC estimator, you may be subject to penalties and general interest charge (GIC).

## **Penalties and GIC**

You may be subject to penalties and GIC if we undertake a review and it's identified you:

- have made a false or misleading statement
- aren't able to demonstrate that you hold valid tax invoices for the GST credits claimed in your BAS.

Where you and/or your agent fail to take reasonable care in preparing and lodging your BAS, and this results in a false or misleading statement – we'll review the behaviour of you and your agent leading up to the lodgment of that BAS to determine penalties.

When considering your behaviour for penalty purposes, we'll apply an objective test to determine whether your ITC estimator produces an accurate estimate of your GST credit entitlement for unprocessed tax invoices.

If on an objective assessment, your ITC estimator is likely to, or does produce an inaccurate estimate – this would be a strong sign that your behaviour in the preparation of your BAS, demonstrates a lack of reasonable care, recklessness or intentional disregard of the law.

A failure to implement appropriate governance and internal controls, to conduct regular reviews of your estimate, or to take steps to minimise GST credit over-claims, would be a strong sign that your behaviour demonstrates a lack of reasonable care, recklessness or intentional disregard of the law in the preparation of your BAS.

For more information on penalties and interest, see:

- [Law Administration Practice Statement PSLA 2012/5: Administration of penalties for making false or misleading statements that result in shortfall amounts](#)
- [Law Administration Practice Statement PSLA 2005/2: Penalty for failure to keep or retain records](#)
- [Law Administration Practice Statement PSLA 2011/12: Remission of General Interest Charge](#)
- [Miscellaneous Tax Ruling MT 2008/1: Penalty relating to statements: meaning of reasonable care, recklessness and intentional disregard](#)

## **Using an ITC estimator – key actions**

Ensure that the ITC estimator is appropriate for your business, including making allowances for business fluctuations, so you do not overclaim your GST credits in any tax periods.

Update your governance process and documentation to ensure appropriate use and reviews.

Regularly review the accuracy of your ITC estimator methodology. It isn't appropriate to use a 'set and forget' approach.

As part of this regular review, [reconcile the estimated GST credit](#) claim against your actual entitlement to GST credits for each tax period that you have used an ITC estimator.

You should implement appropriate systems, controls and [robust governance](#). Ensuring the calculation and use of the ITC estimator complies with any relevant accounting standards.

## Reviewing your ITC estimator

We expect you to review your ITC estimator (at a minimum):

- every 6 months
- at any time where there is a material event or change to the business (significant expenditures, seasonal variations, business system changes or business re-structuring).

In your review, you should:

- assess the appropriateness of your ITC estimate going forward
- reconcile your estimated GST credit claims against your actual GST credit entitlements for each of the tax periods since your last review.

## Assessing your ITC estimate going forward

When assessing the appropriateness of your ITC estimate going forward, you should (where relevant):

- Consider your future business outlook including financial forecasts, major contracts and other economic conditions. It isn't enough to just rely on past data.
- Ensure significant expenditure and seasonal variations are taken into account. For example – if the expenditure varies significantly

due to seasonal trends, you should take a conservative approach in order to reduce the risk of over-claiming GST credits. Your ITC estimate calculation should be based on the month with the lowest delayed GST credits, rather than using an average. Alternatively, you may vary the estimate at relevant tax periods to reflect the seasonal variations – including year-end processing.

- Make adjustments for material changes in business operations. For example – the expenditure patterns of a mining business may shift as the mine moves from the development phase to its commissioning and operation. We would expect the methodology to be adjusted to take into account changing patterns and types of expenditure at each phase. Although expenditure may increase in some phases, that expenditure may be on acquisitions that aren't subject to GST.
- Ensure the methodology takes account of any material downturns in business activity.
- Ensure you have robust governance and controls in place to monitor the appropriateness of your estimate, minimising the chance of an over-claim.

This isn't an exhaustive list. You may need to consider other factors when assessing the appropriateness of your estimate, to avoid over-claiming your GST credits.

Find out more about good tax governance in our [tax risk management and governance review guide](#).

## **Reconciling your estimates of GST credits**

For each tax period under review, you must compare your total GST credit entitlement to the amount of GST credits that you claimed using your ITC estimator. This will show that you have either claimed more or less GST credits than your actual entitlement and will determine what corrective action (if any) needs to be taken on your BAS for that particular tax period.

When conducting your reconciliation of multiple tax periods, it isn't appropriate to compare the total over-claims against under-claims to arrive at a net adjustment figure. Each tax period is discrete and must be reconciled separately.

# What corrective action do you need to take?

## Under-claims

In most cases where you have under-claimed your GST credits in a tax period, you won't need to take any corrective action on any BAS. This is because the GST credits will have been processed and taken into account in the BAS for following tax periods. Once the GST credits have been taken into account (in later tax periods) it isn't possible to take them into account in an earlier tax period.

The exception to this is where you haven't lodged a subsequent BAS when you became aware of an under-claim. In this case you may amend the original BAS.

## Over-claims

In most cases where you have over-claimed your GST credits, you must amend your original BAS to reduce the net amount by the over-claim.

The exception to this is where you meet the conditions in [GST 2013/1 Goods and Services Tax: Correcting GST Errors Determination 2013](#) (the Determination).

## Correcting GST errors

If the error satisfies the conditions in [the Determination](#) you may be able to make a correction to your current BAS.

The Determination explains that there are 2 types of GST errors you can make – a credit error and a debit error.

## Credit errors

You make a credit error if you make a GST error in working out your net amount for a reporting period that would have – if it was the only mistake in the reporting period – resulted in you reporting or paying too much GST. Claiming a GST credit on a later BAS because you failed to claim it in an earlier BAS is not a credit error.

An under-claim as a result of using an ITC estimator is not a credit error for the purposes of the Determination. This is because under-

claims are automatically claimed (taken into account) in following BAS once the relevant tax invoices are processed.

## **Debit errors**

You make a debit error if you make a GST error in working out your net amount for a reporting period that would have – if it was the only mistake in the reporting period – resulted in you reporting or paying too little GST.

An over-claim as a result of using an ITC estimator is a debit error for the purposes of the Determination. You may be able to correct this error in a following BAS if you meet the requirements of the Determination.

Amongst other things, the Determination requires that a debit error comes within time and value limits. The net sum of debit errors is one or more debit errors less any credit errors you choose to include or correct in a following BAS. As explained, under-claims of GST credits as a result of using the ITC estimator are not credit errors and can't be used to offset your debit errors.

If a debit error or net sum of debit errors is below your value limit, you can correct the errors in a following BAS. If a debit error or net sum of debit errors exceeds your value limit, you can still correct the errors up to the value limit in a following BAS. The balance (excess over the value limit) of the errors will need to be corrected in the original BAS (see worked example for practical application).

You can't use the Determination to correct a debit error in some situations, including where the error is a result of recklessness or intentional disregard of a GST law.

## **Worked example**

Zebra Pty Ltd (Zebra) lodges monthly BAS and has a GST turnover of \$500 million. Zebra commences using an ITC estimator in July 2020.

Zebra estimates that the GST credits for its unprocessed tax invoices are \$1.5 million per month. It claims this additional amount (the ITC estimate) in its July 2020 BAS. The ITC estimate balance is \$1.5 million.

In February 2021, Zebra undertakes a review of its ITC estimator to assess the appropriateness of its \$1.5 million estimate going forward. As part of this review, Zebra also reconciles its estimated GST credit

claims against its actual GST credit entitlements for the tax periods from 1 July 2020 until 31 December 2020.

Where Zebra identifies that it has an over-claim that it cannot correct in a later tax period using the Determination – it must make a revision to the original BAS for that tax period. When this occurs, they must also reduce their ITC estimate balance by that amount for following tax periods.

In later tax periods, Zebra will compare this (or any following) reduced ITC estimate balance to their actual GST credit entitlement for the relevant tax period. This is to determine the amount of any over-claim or under-claim.

The table below illustrates over-claims and under-claims identified by Zebra as part of the reconciliation. It explains what corrections or revisions Zebra can make, and any impacts on the balance of the ITC estimate.

<b>Tax period</b>	<b>Over claim (debit error) (\$)</b>	<b>Under claim (not a credit error) (\$)</b>	<b>Correction/ revision</b>	<b>Reason</b>
Jul-20		100,000	No correction or revision needed.	Will be claimed in subsequent AS when invoices are processed.
Aug-20	50,000		Zebra chooses to correct this \$50,000 debit error in Feb 17 AS.	On review in Feb 17, the net sum of the debit errors in the period Jul 16 to Dec 16 is \$200,000. Zebra's debit error value limit is

				<p>\$80,000. There are no credit errors to offset. Zebra can correct up to \$80,000 of its total net debit errors for Jul 16 to Dec 16 in Feb 17. Zebra corrects the \$50,000 debit error for Aug 16 in the Feb 17 AS.</p>
Sep-20	50,000		<p>Zebra chooses to correct \$30,000 of this \$50,000 debit error in Feb 17 AS. Sep 16 AS must be revised for the remaining \$20,000.</p>	<p>The debit error value limit of \$80,000 is now exceeded by the \$50,000 error in August and \$30,000 error in Sep 16 AS. The remaining \$20,000 debit error must be revised in the original Sep 16 AS.</p> <p>If applicable, GIC and penalties are assessed from the due date for lodgment of the Sep 16 AS.</p>
Oct-20		150,000	No correction or revision needed.	Will be claimed in subsequent AS when invoices are processed.



Nov-20		100,000	No correction or revision needed.	Will be claimed in subsequent AS when invoices are processed.
Dec-20	100,000		Zebra must correct this error by revising the Dec 16 AS.	<p>The debit error value limit of \$80,000 was exceeded by errors in Aug and Sept 16 AS. The Dec 16 AS must be revised to correct the debit error of \$100,000. Zebra cannot correct any of this debit error in the Feb 17 AS.</p> <p>If applicable, GIC and penalties are assessed from the due date for lodgment of the Dec 16 AS.</p>

After making the revisions outlined in table above, the balance of Zebra's ITC estimate at the end of December 2020 is \$1.38 million (the original \$1.5 million estimate reduced by the revisions of \$20,000 in September 2020 AS and \$100,000 in December 2020 AS).

For the tax periods commencing 1 January 2021, the ITC estimate of \$1.38 million will be used for reconciliations.

Zebra is required to reduce label 1B by \$80,000 in the February 2021 BAS. This is because they chose to rely on the Determination to correct debit errors of \$50,000 and \$30,000 from the August and September 2020 tax periods respectively.

## **Determining the appropriate ITC estimate for the next 6 months**

As part of its 6 monthly review, Zebra assesses the appropriateness of its ITC estimate for the next 6 months.

### **Scenario 1: Decrease in estimate**

Zebra reviews their ITC estimator methodology taking into account their future forecasts, and determines that the appropriate ITC estimate for the next 6 months from February 2021 is \$1.2 million.

Zebra already has an \$80,000 correction to be made by reducing label 1B in the February 2021 BAS. Therefore, to change the ITC estimate from \$1.38 million to \$1.2 million, they will decrease label 1B in the February 2021 BAS by a total of \$180,000 (\$100,000 decrease for the estimator forecast and an \$80,000 decrease for the debit error correction for the August and September 2020 tax periods).

### **Scenario 2: Increase in estimate**

Zebra reviews their ITC estimator methodology taking into account their future forecasts. They determine that the appropriate ITC estimate for the next 6 months from February 2021 is \$1.7 million.

Zebra already has an \$80,000 correction to be made by reducing label 1B in the February 2021 BAS. Therefore, to change the estimate from \$1.38 million to \$1.7 million, they will increase label 1B in the February 2021 BAS by a total of \$320,000. The decrease of \$80,000 at label 1B (to correct the errors from the August 2020 and September 2020 tax periods) is no longer needed, because the correction is negated by the revised estimate.

**QC 52240**

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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