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GST concessions for not-for-profits and government schools

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GST concessions available to your organisation

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QC 16990

GST concessions available to your organisation

Check which GST concessions apply to your not-for-profit, endorsed charity, gift-deductible entity or government school.

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Eligible entities

Goods and services tax (GST) concessions are available to the following entities:

- **not-for-profits** (NFP) – organisations that operate for a particular purpose and not for the profit or gain of individual members. All profits must go back into the services the organisation provides and must not be distributed to members, even if the organisation winds up.
- **endorsed charities** – Australian Charities and Not-for-profits Commission (ACNC)-registered charities that are endorsed by us to access GST concessions. Find out more about getting endorsed for charity tax concessions.
- **gift-deductible entities** – entities that can receive tax-deductible gifts or contributions under the *Income Tax Assessment Act 1997*.
- **government schools** – schools that supply pre-school or full-time primary or secondary courses and are conducted by or on behalf of an Australian government agency.

An entity can be more than one of these types. For example, a not-for-profit may also be an endorsed charity and gift-deductible entity.

Gift-deductible entities

Gift-deductible entities are entities that can receive tax-deductible gifts or contributions, and include deductible gift recipients (DGRs) and political parties and independent candidates and members. However, only certain gift-deductible entities can apply the GST concession in Table 1.

If you're a gift deductible entity that is also an endorsed charity, a government school, or an endorsed deductible gift recipient (DGR) that is a fund, authority or institution, you can access the concessions available to gift-deductible entities without any additional limitations.

If you're a gift-deductible entity that is only endorsed as a DGR for the operation of a fund that you legally own, or an authority or institution that is part of your entity, the GST concessions in Table 1 only apply to your supplies made for the principal purpose of that fund, authority or institution.

However, you cannot access the GST concessions in Table 1 if you're a gift-deductible entity that is a political party, or independent candidate or member.

Example: volunteer fire brigade endorsed in part for a Fire and Emergency Services Fund

A volunteer fire brigade operates under state emergency services legislation. Its principal activity is providing volunteer-based emergency services.

The brigade is not a charity, but it is DGR-endorsed in part for the operation of a Fire and Emergency Services Fund. The fund is established and maintained solely to support the brigade's volunteer-based emergency service activities.

The brigade carries out a range of community activities, but only supplies that are connected to the purpose of the fund can access the GST concessions in Table 1.

The brigade hires out its community hall for private events for a non-commercial amount.

Although the hall belongs to the brigade, hiring it out for private functions is not connected to the brigade's emergency service activities which are the principal purpose of the Fire and Emergency Services Fund.

This means the brigade can't apply the GST concessions to these hire fees. If the brigade is, or is required to be, registered for GST, hiring out the community hall would be taxable.

List of available concessions

Use the following table to find more information on concessions available to you.

Table 1: GST concessions for not-for-profits, endorsed charities, gift-deductible entities and government schools

GST concession	Eligible entities	How the concession applies

GST registration threshold – not-for-profits have a higher GST registration turnover threshold of $150,000.	• Not-for-profits	Automatically
Gifts and donations – GST is not payable on a gift or donation if it is voluntary and the donor does not receive a material benefit.	• Not-for-profits	Automatically
GST groups – a not-for-profit can form a GST group if all of the members are not-for-profits belonging to the same not-for-profit association.	• Not-for-profits	Must choose to apply
School tuckshops – a not-for-profit may choose to treat all sales of food through a tuckshop or canteen at a primary or secondary school as input-taxed sales.	• Not-for-profits	Must choose to apply and keep records of that choice
Charitable retirement villages – supplies of accommodation, accommodation-related services and meals to residents of retirement villages are GST-free supplies.	• Endorsed charities	Automatically
Accounting on a cash basis – you	• Endorsed charities	Must choose to apply

may choose to account for GST on a cash basis regardless of your GST turnover.	• Certain gift-deductible entities • Government schools	
Non-commercial activities – accommodation and other supplies made for nominal consideration are GST-free.	• Endorsed charities • Certain gift-deductible entities • Government schools	Automatically
Non-profit sub-entities – you may choose to conduct some of your activities as separate entities for GST purposes.	• Endorsed charities • Gift-deductible entities that are not-for-profits • Government schools • Income tax exempt NFP	Must choose to apply and keep records of that choice
Fundraising events – you may choose to treat all supplies made in connection with certain fundraising events as input taxed.	• Endorsed charities • Certain gift-deductible entities • Government schools	Must choose to apply and record the choice prior to any supplies taking place
Raffles and bingo – tickets to a raffle or bingo are GST-free if holding the event does not contravene a state or territory law.	• Endorsed charities • Certain gift-deductible entities • Government schools	Automatically
Reimbursement of volunteer expenses	• Endorsed charities	Automatically

– you can claim GST credits when you reimburse a volunteer for expenses directly related to their activities as your volunteer.	• Certain gift-deductible entities • Government schools	
Sale of second-hand goods – sales of donated second-hand goods are GST-free if the goods maintain their original character.	• Endorsed charities • Certain gift-deductible entities • Government schools	Automatically
GST religious groups – certain religious bodies can be approved as a GST religious group.	• Religious organisations endorsed as exempt from income tax	Must choose to apply
Religious services – religious services that are integral to the practice of the organisation's religion are GST-free.	• ACNC-registered charities with the charity subtype of 'advancing religion'	Automatically

QC 107815

GST on gifts and donations

Check when GST applies to gifts or donations your not-for-profit receives.

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How GST applies to gifts and donations

A gift or donation made to a not-for-profit (NFP) organisation is not payment for a supply. If you're an NFP, you don't:

- pay GST on gifts or donations you receive
- include the value of the gift or donations when working out your GST turnover.

A gift or donation has been made to you when the donor:

- made it voluntarily
- did not receive a material benefit in return.

Voluntary gift or donation

A gift or donation is made voluntarily when:

- the donor is not obliged to make the gift or donation
- you're not obliged to use the gift or donation in a specific way.

Material benefits

A donor does not receive a material benefit if the benefit:

- can't be used or sold
- is insignificant to the value of the gift or donation
- has no connection to the gift or donation
- does not create any rights, privileges or entitlements
- only reports how the gift or donation was used
- only recognises the donor’s generosity.

A donor will receive a material benefit in circumstances where:

- the benefit is sought by the donor in connection with the gift or donation
- commercial advertising is provided to the donor
- membership rights or privileges are obtained because of the gift or donation
- you offer the benefit as an incentive to potential donors

- you must provide advice or information to the donor other than reporting how the gift or donation was used
- the gift or donation eliminates or reduces a legal obligation.

Example: donor makes a small payment and receives an item with no material benefit

Rodge Research Inc is an NFP registered for GST.

Yannik purchases a magazine at the local newsagency and notices a box of stickers placed next to the cash register. The sign on the box explains that Rodge Research Inc is seeking public support to fund medical research.

Yannik voluntarily places $2 in the box and takes a sticker as recognition for his gift.

Yannik made the payment voluntarily. The sticker does not have any useful purpose and only recognises the donor's generosity. The sticker does not give Yannik any material benefit.

Yannik's payment is a gift because Rodge Research Inc has not provided a material benefit to Yannik.

The gift made to Rodge Research Inc is not payment for a taxable sale. Rodge Research Inc does not pay GST on the gift.

If you provide a material benefit

If you provide a material benefit to the donor and you are registered (or required to be registered) for GST, your supply of the benefit to the donor will be taxable. You must pay GST on any taxable supplies you make. The GST is 1/11th of the total amount paid for the taxable supply, even if part of the payment was intended to be a gift.

Example: donor purchases a ticket to a fundraising event

Davies & Camp Animal Shelter holds a fundraising dinner with a ticket price of $1,000. The value of the meal is $200. Davies &

Camp Animal Shelter is registered for GST and is an endorsed charity. They have not chosen to treat the event as an input-taxed fundraising event.

Rebecca voluntarily purchases a ticket for the fundraising dinner. Rebecca has received a material benefit of the meal even though part of the ticket price is intended to be a gift to the Davies & Camp Animal Shelter.

The purchase of the ticket is not a gift because Davies & Camp Animal Shelter has provided a material benefit to Rebecca. The money received is payment for a taxable supply of the fundraising dinner.

Davies & Camp Animal Shelter must pay GST to us. The amount of GST is $90.91 (1/11th of $1,000).

Example: donor makes a small payment and receives food

Eddi-Cation Inc is an NFP and is not registered for GST. Eddi-Cation Inc sells chocolate bars to raise funds.

Riley voluntarily pays $5 to Eddi-Cation Inc and receives a chocolate bar in return for his payment. As the chocolate bar can be eaten as a sweet, it has a use or function. Riley has received a material benefit in return for his payment.

Riley's payment is not a gift because Eddi-Cation Inc has provided a material benefit to Riley. The money received is payment for a supply of the chocolate bar.

Eddi-Cation Inc must include the supply of the chocolates in working out whether it is required to be registered for GST. If Eddi-Cation Inc's GST turnover is greater than $150,000, it must register for GST and the supply of the chocolate bar would be taxable.

For more information on gifts to non-profits, see paragraphs 69-83 in GST Ruling GSTR 2012/2 *Goods and services tax: financial assistance payments*.

Other GST concessions you may use

If you're an endorsed charity, gift-deductible entity or government school, you may choose to apply other GST concessions if you have provided a material benefit to a donor.

QC 107816

GST on school tuckshop sales

Check if your not-for-profit can treat sales of food and beverages through a school tuckshop as input taxed.

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When tuckshop sales are input taxed

If your not-for-profit (NFP) organisation operates a tuckshop on the grounds of a primary or secondary school, you can choose to treat all sales of food and beverages through the tuckshop as input taxed.

You **can't** choose to treat the following as input taxed:

- sales of any goods other than food or beverages (for example, uniforms or stationery)
- food or beverages provided to boarding students where they are provided as part of their board.

If you make input-taxed sales, you:

- don't include GST in the price of your food and beverage sales
- can't claim GST credits for purchases related to selling the food or beverage
- don't include these sales when working out your GST turnover.

If you choose to treat your sales of food and beverages as input taxed, you:

- must keep records containing details about your choice (for example, in your accounting records or meeting minutes)

- don't need to notify us of your choice.

You can't revoke your choice to treat your sales of food and beverages as input taxed for 12 months. You also can't make another choice within 12 months after revoking your previous choice.

Example: sales of food and uniforms

The Parents and Citizens Association for Gatehome State School (Gatehome P&C) operate a shop on the school grounds of a secondary school. The shop sells food and school uniforms. Gatehome P&C is registered for GST.

Gatehome P&C has chosen to treat the sales of food as input taxed. This choice was recorded in the meeting minutes.

Gatehome P&C's sale of food is input taxed. However, the sale of the uniforms will be taxable.

Working out your GST turnover for tuckshop sales

You don't include input-taxed sales when working out your GST turnover. If you choose to treat your sales of food and beverages as input taxed, your GST turnover will be lower, and you may not be required to register for GST.

If you're registered for GST, treating all sales of food and beverages as input taxed can make managing GST easier. Without making this choice, you will need to determine if the food or beverage you're selling is GST-free or taxable. See more information on the GST treatment of food.

QC 107817

GST on raffles and bingo

When raffle and bingo tickets sold by your endorsed charity, gift-deductible entity or government school are GST-free.

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When raffle and bingo tickets are GST-free

A raffle or bingo is a game of chance where the prizes are goods, cash or a combination of both.

Endorsed charities, certain gift-deductible entities and government schools make GST-free sales if they:

- sell raffle tickets or accept admission to games of bingo
- don't contravene state or territory law.

View our definitions of eligible entities for GST concessions if you're unsure if you're one of the entity types listed above.

If you make GST-free sales, you:

- don't need to pay GST on them
- can claim GST credits for the GST included in the price of purchases related to running the raffle or bingo game
- must include these sales when working out your GST turnover.

You can't claim GST credits for non-monetary prizes that were donated to you.

Applying other GST concessions to a raffle or bingo

Endorsed charities, certain gift-deductible entities and government schools may choose to treat certain fundraising events as input taxed. If you sell raffle tickets or run bingo as part of a fundraising event you have chosen to treat as input taxed, the supply of the tickets will also be input taxed. You can't claim GST credits for purchases related to making input-taxed supplies.

For more information, see GST on fundraising events.

QC 107818

GST on fundraising events

When an eligible entity or government school can treat supplies for a fundraising event as input taxed.

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When you can treat fundraising events as input taxed

You can choose to treat supplies made in connection with eligible fundraising events as input taxed if you meet all the following:

- You're an endorsed charity, certain gift-deductible entity or government school.
- The supplies are made in connection with eligible fundraising events.
- You choose to treat all supplies in connection with the fundraising event as input taxed before any transactions take place.
- You record the event as being input taxed in your records (for example, in your accounts or meeting minutes).

You don't need to notify us when you choose to treat a fundraising event as input taxed.

If you make input-taxed supplies, you:

- don’t include GST in the price
- can't claim GST credits for related purchases.
- don't include these supplies when working out your GST turnover.

What are eligible fundraising events?

To be a fundraising event, the event must:

- be conducted for the purpose of fundraising
- not form part of a series or regular run of similar events
- be one of the following 3 categories of events:
  - a fete, ball, gala show, dinner, performance or similar event
  - an event involving the sale of goods where each good is sold for $20 or less, but
    - the event can't involve the sale of alcohol or tobacco
    - selling the goods must not be a normal part of your business
  - another type of event that is not listed and that we have approved.

Example: assessing if a fundraising event is input taxed

Diamond Night Foundation is an endorsed charity registered for GST. Diamond Night Foundation provides support to children by providing education resources.

In the next financial year, Diamond Night Foundation is planning to run a:

- charity ball where alcohol will be sold to attendees – to raise funds to build a school in a remote community
- dinner for its next annual general meeting (AGM) to discuss the priorities for the organisation.

Diamond Night Foundation may choose to treat the charity ball as an input-taxed fundraising event as it is a similar event to a fete, ball, gala show, dinner or performance. The sale of the alcohol at the charity ball does not prevent the event from being a fundraising event for this category. Diamond Night Foundation must make and record the choice to treat the charity ball before making any supplies.

Although a dinner may be considered a like or similar event to a fete, ball, gala show, dinner or performance, the AGM dinner is not a fundraising event because it is not conducted for the

purpose of fundraising. Diamond Night Foundation can't choose to treat the event as an input-taxed fundraising event.

Approval for a different type of fundraising event

You can write to us and ask for approval to treat an event as a fundraising event if it's not listed as one of the 3 categories of events.

We will grant approval only if:

- the event is held for the purpose of fundraising
- you're not in the business of conducting such events
- your proceeds from the event are for the direct benefit of your charitable or non-profit purpose.

Limit of number of input-taxed events

You can hold up to 15 of each category of event in a financial year without forming part of a series or regular run of similar events. This means you can choose to hold up to 15:

- fetes, balls, gala shows, dinners, performances or similar events
- events involving the sale of goods where all goods are sold for $20 or less, but
  - the event can't involve the sale of alcohol or tobacco
  - selling the goods must not be a normal part of your business
- events that have been approved by us.

If you hold more than 15 of the same category of events in a financial year, none of those events in that category can be treated as input-taxed fundraising events.

For more information, read Frequency of Fundraising Events Determination 2026.

QC 107819

GST on non-commercial activities

Check when non-commercial activities of your endorsed charity, gift-deductible entity or government school are GST-free.

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How GST applies to non-commercial activities

Your supply will be GST-free if:

- you're an endorsed charity, certain gift deductible entity or government school (if you're unsure, view our definitions of eligible entities for GST concessions)
- the total consideration (payment) for the supply meets the nominal consideration threshold tests.

We refer to these types of supplies as 'non-commercial activities'. GST applies to your commercial activities if you're registered for GST.

If you make GST-free supplies, you:

- don't need to pay GST on them
- can claim GST credits for the GST included in the price of purchases related to these supplies
- must include these supplies when working out your GST turnover.

Nominal consideration threshold tests

The nominal consideration threshold tests that apply to you depend on whether you're making supplies of:

- accommodation
- things other than accommodation.

Accommodation supplies threshold

Supplies of accommodation meet the nominal consideration threshold test if the total consideration is less than 75% of either the:

- GST-inclusive market value of the supply

- cost to you of providing the accommodation.

Non-accommodation supplies threshold

Supplies of things that aren't accommodation meet the nominal consideration threshold test if the total consideration is less than either:

- 50% of the GST-inclusive market value of the supply
- 75% of the consideration you paid or are liable to pay for purchasing the thing.

Working out the market value

The market value is the amount a knowledgeable, willing and not anxious buyer and seller would agree to pay in an arm's length transaction.

When working out the market value, you may choose to either:

- use the same or similar supply tests
- use a professional valuer to obtain an independent market valuation
- apply the benchmark market values, if you're an endorsed charity making certain types of supplies.

You need to ensure any market valuation for your supply is objective and supportable.

Same or similar supply tests

When using the same or similar supply tests, you must use the 2 following tests in order:

1. Same supply test
2. Similar supply test

This means if you identify a same supply from the first test, you can't use the similar supply test.

When comparing supplies under each test, you should consider:

- identifying the market you operate in
- the location of the supply or market area

- the quality or nature of the supply
- the size, quantity or duration of the supply
- the conditions of the supply
- whether there are other charitable or commercial suppliers
- how many comparisons are available.

Use the Non-commercial activities market value guidelines to understand how to apply these tests.

1. Same supply test

For the same supply test, check if other suppliers make the same supply in the market. The supplies must genuinely be like-for-like. If the same supply exists in the market, the price of that supply is the market value you must use in your calculation.

If there is no same supply in the market, you must work out if a similar supply exists.

2. Similar supply test

For the similar supply test, check if other suppliers make similar supplies in the market. You must identify any differences in the supplies and how this would change the market value. If a similar supply exists, the market value you use must reflect any difference you identify between that supply and what you're supplying.

Example: using the similar supply test to determine the market value

The Children-in-Need Association is an endorsed charity that is registered for GST. The charity sells carrot cakes for $5 each.

Jassy Cakes is a GST-registered business that sells food and cakes. Jassy Cakes sells carrot cakes for $20 each.

The Children-in-Need Association and Jassy Cakes operate in the same suburb. The carrot cakes are similar in size and quality.

The carrot cake is considered to be a similar supply. The Children-in-Need Association must use this price in determining whether their supply is below the nominal consideration threshold.

> The Children-in-Need Association's supply is GST-free because the consideration for each carrot cake they sell is less than 50% of the GST-inclusive market value.

Using a professional valuer

You may choose to use a professional valuer to undertake an independent market valuation. You're not required to use a valuer.

If you choose to use a valuer:

- the valuer should review the Market value guidelines and the Non-commercial activities market value guidelines that set out our expectations
- you must use the independent market valuation they provide, unless you qualify to use the transitional arrangements for market valuations.

Use our tips if you decide to engage a valuer:

- Ensure the valuer is qualified and registered or licenced in your state or territory.
- Check if they have professional indemnity insurance and there are no unusual or restrictive conditions that could void the policy.
- Ask if they have conducted similar valuations and request a sample.
- Review the company profile information (such as number of valuers and experience, background of directors and company, quality assurance processes, and valuation systems used).

Search ASIC's professional registers to confirm the company is registered and check the directors aren't former directors of liquidated property valuation firms.

Benchmark market values

Endorsed charities who don't have an independent market valuation may use the benchmark values for the following types of supplies:

- Supported accommodation and community housing (long-term accommodation)

- Crisis care (short-term and long-term accommodation as appropriate)
- Accommodation in a retirement village that doesn't meet the definition of 'retirement village' in section 195-1 of the GST Act (long-term accommodation)
- University halls and residential colleges
- Residential housing (long-term accommodation)
- Meals on wheels, charity soup kitchens, and other supplies of meals to the frail, homeless or needy.

For more information, see Applying benchmark market values.

Other methodology

You may want to use a different method to work out the market value of the supply. Any valuation method must be based on the most relevant and reliable information that is known or could reasonably be foreseen. The market value guidelines and the Non-commercial activities market value guidelines set out our expectations on market valuations.

Factors that are relevant to working out the market value of your supplies include:

- the market you operate in
- the location of the supply or market area
- the quality or nature of the supply
- the size, quantity or duration of the supply
- the conditions of the supply
- whether there are other charitable or commercial suppliers
- how many comparisons are available.

If you want advice on the market value of a particular supply, you can write to us by applying for a private binding ruling. We may use a professional valuer in providing this advice. If we do, you are required to pay the professional valuer's fees.

Working out the cost of the supply

When working out the cost of making your supply, include:

- all direct costs incurred (for example, materials and direct labour)
- a reasonable apportionment of indirect costs incurred (for example, marketing, administration, office expenses, electricity, phone and insurance).

You can't include things that don't have an actual cost, such as:

- volunteer labour
- donations
- free rent.

The way you determine the cost of making your supplies depends on whether you're making supplies of:

- accommodation
- things other than accommodation.

Use the Non-commercial activities cost of supply guidelines to understand how to apply this test.

Accommodation supplies

You can only include costs incurred in providing accommodation in your calculation.

If you use a depreciable asset to provide accommodation, you must use the depreciation amount and not the full cost of the asset. This ensures the:

- depreciating asset is not attributed to the first supply of the accommodation
- cost of the asset can be attributed to later supplies.

Example: using the cost method threshold test on accommodation

Homes-for-People provides accommodation to people in crisis.

The cost of providing the accommodation is $200 per week. They supply it for $145 per week. The cost includes:

- direct costs, including the cost of the room, bed, linen and maintenance
- indirect costs, including apportionment of administration, electricity, phone and insurance.

As the nominal consideration of $145 is less than 75% of the $200 cost to provide the accommodation, the supply is GST-free.

Non-accommodation supplies

Only amounts paid or payable by you for making the supply can be included in your calculation.

You can't include any amounts for the depreciation of assets used in making the supply.

The goods or services purchased do not need to be the same as the goods or services you supply. The purchase can include things:

- that you on-supply
- used in providing services or manufacturing goods
- used in making a supply of something else.

Keeping records

Remember to keep accurate records, including:

- how you calculated your valuations
- what you considered in the valuation process
- the evidence used to support your valuation
- the rationale for choosing a particular valuation method
- details of when the valuation was undertaken, including date and valuer.

Residential colleges

An endorsed charity may operate a residential college that is either:

- university-owned
- affiliated with a host university by a formal contract or linked in a constitution.

Residential colleges may offer different supplies under their student contracts, including:

- accommodation
- meals
- tertiary residential college courses
- student tutoring
- religious services.

These supplies may be a mix of taxable, input taxed or GST-free. If you're an endorsed charity, your supplies may be GST-free:

- where they're certain non-commercial activities
- if you're providing religious services as an ACNC-registered religious institution
- if you're providing tertiary residential college courses.

Practical guidelines to assess your GST treatment

We are aware of the practical difficulties for residential colleges in determining how GST applies to supplies they make under student contracts and in determining the amount of GST credits they can claim.

We have set out practical guidelines in Practical Compliance Guideline PCG 2022/3 *GST and residential colleges* that you can use to determine the GST treatment of your supplies and entitlement to GST credits. This guideline covers supplies made under a resident student contract including:

- accommodation
- meals
- tertiary residential college courses
- religious services.

This guideline also assists suppliers with:

- apportioning fees for components in a student contract
- other student contract matters.

QC 107820

Accounting methods for GST

Check which GST accounting methods your NFP, endorsed charity, gift-deductible entity or government school can use.

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Endorsed charities, gift-deductible entities and government schools

If your endorsed charity, eligible gift-deductible entity or government school is registered for GST, you can choose to account for GST using either the:

- cash method
- non-cash (accruals) method.

The method you use determines how and when you must report GST.

For more information on changing your GST accounting method, see How to change accounting methods.

Not-for-profits

If you're a not-for-profit (NFP) but not an endorsed charity, gift-deductible entity or government school, you should consider the rules for choosing an accounting method for GST for when you can use either the:

- cash method
- non-cash (accruals) method.

Accounting for GST on a cash basis

You can only use the cash accounting method if :

- 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.

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.

Accounting for GST on a non-cash basis

If you do not make the choice to account on a cash basis or you do not meet the requirements to choose to account on a cash basis, you must use the non-cash accounting method.

QC 107821

GST on sale of donated second-hand goods

When donated second-hand goods sold by an endorsed charity, gift-deductible entity or government school may be GST-free.

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When second-hand goods are GST-free

Sales of second-hand goods by endorsed charities, certain gift-deductible entities or government schools are GST-free if the goods were either:

- gifted to you

- a GST-free sale of second-hand goods to you by another endorsed charity, gift-deductible entity or government school.

View our definitions of entity types that are eligible for GST concessions if you're unsure if you're one of the entity types listed above.

A sale is not GST-free if you change or alter the original character of the goods. The original character is not changed if the goods are cleaned or repaired before being sold.

If you make GST-free sales, you:

- don't need to pay GST on them
- can claim GST credits for the GST included in the price of purchases related to these sales
- must include these sales when working out your GST turnover.

Example: sale of second-hand clothing

RePurposeful is an endorsed charity that is registered for GST. RePurposeful receives donations of damaged second-hand clothing.

If RePurposeful cleans or repairs the damaged clothing before selling it, this does not change the original character of the goods. The sale of the cleaned and repaired clothing by RePurposeful is GST-free.

If RePurposeful cuts up the clothing and sells it as rags, the goods no longer have the same character as the goods that were donated. RePurposeful has manufactured the clothing into a new product. The supply of the rags is not a sale of GST-free second-hand goods.

RePurposeful's sale will be taxable unless another NFP concession applies. For example, the sale may be GST-free if sold for nominal consideration.

What are second-hand goods

Second-hand goods are goods that have previously been used and are generally not new. Goods may be second-hand goods if they are new and have been bought by an individual or business for the purpose of donating them.

Second-hand goods don't include:

- animals or plants
- goods that consist of gold, silver, platinum or any other substance, which would be precious metal if it were of the required fineness
- goods donated by a business where the goods were the trading stock of that business.

Example: sale of trading stock donated by a business

Learning Independence is an endorsed charity that is registered for GST. It sells goods donated by individuals and local businesses.

Gifts and Novelties Pty Ltd donates floor-damaged novelty cups to Learning Independence to sell. The novelty cups have not been used and were held by Gifts and Novelties Pty Ltd as trading stock for sale.

The sale of the donated floor-damaged goods by Learning Independence is not GST-free as second-hand goods because the novelty cups were trading stock of the business. These cups are not second-hand goods.

QC 107824

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.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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