



GSTA TPP 060 - Goods and services tax: Is the simplified accounting method threshold GST-inclusive or GST-exclusive?

 This cover sheet is provided for information only. It does not form part of *GSTA TPP 060 - Goods and services tax: Is the simplified accounting method threshold GST-inclusive or GST-exclusive?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *14 June 2005*



Goods and Services Tax Advice (Withdrawn 1 Feb 2006)

Goods and services tax: Is the simplified accounting method threshold GST-inclusive or GST-exclusive?

This advice has been withdrawn from 1 February 2006. It has been replaced by GSTA TPP 071, which better reflects the ATO view.

Preamble

This document is a ruling for the purposes of section 37 of the Taxation Administration Act 1953. You can rely on the information presented in this document, which provides advice on the operation of the GST system.

Answer

The turnover thresholds for purposes of Division 123 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) are GST-inclusive; however, the ATO will accept a 10% tolerance.

Background

To simplify accounting for food retailers, three simplified GST accounting methods are available. The methods allow small retailers to estimate their total GST-free sales and purchases at the end of each tax period rather than having to record each GST-free product as it is sold or at purchase.

- **Business norms method** - where you apply standard percentages to your sales and purchases to estimate your GST-free sales and purchases. Retailers who use this method must have an annual turnover that is \$1 million or less.
- **Stock purchases method** - where you take a sample of purchases and use this sample to estimate your GST-free purchases and sales. Retailers who use this method must have an annual turnover that is \$2 million or less.
- **Snapshot method** - where you take a snapshot of your purchases and sales to estimate your GST-free purchases and sales. Retailers who use this method must have an annual turnover that is \$2 million or less.

Explanation

The threshold amounts are GST-inclusive. That is, sales include GST when calculating if sales are lower than the relevant threshold. However, the ATO accepts a 10% tolerance when the threshold is applied to sales to ensure that the published threshold amounts net of GST are in line with other GST-exclusive thresholds.

Application of this GST Advice

This Advice explains our view of the law as it applied from 1 July 2000. You can rely on this Advice on and from its date of issue for the purposes of section 37 of the *Taxation Administration Act 1953*. Goods and Services Tax Ruling GSTR 1999/1 explains the GST rulings system and our view of when you can rely on our interpretation of the law in GST public and private rulings.

If this Advice conflicts with a previous private ruling that you have obtained, this public ruling prevails. However, if you have relied on a private ruling, you are protected in respect of what you have done up to the date of issue of this public ruling. This means that if you have underpaid an amount of GST, you are not liable for the shortfall prior to the date of issue of this later ruling. Similarly, you are not liable to repay an amount overpaid by the Commissioner as a refund.

Commissioner of Taxation

Date

Subject references

simplified accounting methods
food retailers
turnover threshold

Legislative references:

ANTS(GST)A 1999 Div 123
TAA 1953 37

Other references:

Simplified GST accounting for food retailers (NAT 3185-6.2001)

ATO references

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