



GSTA TPP 071 - Goods and services tax: Are the simplified accounting method turnover thresholds GST-inclusive or GST-exclusive?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *8 February 2006*



Goods and Services Tax Advice

Goods and services tax: Are the simplified accounting method turnover thresholds GST-inclusive or GST-exclusive?

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 annual turnover thresholds for the purposes of the Determinations made under Division 123 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) are calculated on a GST-exclusive basis.

Background

Small food retailers have several simplified GST accounting methods available to them. These methods allow eligible small retailers to estimate their total GST-free sales and/or purchases at the end of each tax period rather than having to record each GST-free product as it is sold or at purchase. One of the eligibility criteria is that the food retailers have an annual turnover which is no more than the specified threshold for the relevant method.

Explanation

The threshold amounts stipulated in the Determinations made under Division 123 of the GST Act are GST-exclusive. That is, sales do not include GST when calculating whether the retailers' total sales are lower than the relevant threshold.

This approach is consistent with the definitions of current and projected annual turnover in Division 188 of the GST Act. These provide that the value of supplies (which is the GST exclusive amount), rather than the price of supplies (GST inclusive) is used to determine, for example, the current and projected annual turnover.

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 ruling that you have obtained, this public ruling prevails. However, if you have relied on a previous 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

Previous Rulings/Determinations/GST Advice:

GSTA TPP 060

Subject references:

GST food
simplified accounting methods
food retailers
turnover threshold

Legislative references:

ANTS(GST)A 1999 Div 123
ANTS(GST)A 1999 Div 188
TAA 1953 37

Other references:

Simplified GST accounting for food retailers (NAT 3185-6.2001: Third edition, September 2005)

ATO references

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