


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 *31 October 2012*



Goods and Services Tax Advice

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

Preamble

*This document was published prior to 1 July 2010 and was a public ruling for the purposes of former section 37 of the **Taxation Administration Act 1953** and former section 105-60 of Schedule 1 to the **Taxation Administration Act 1953**.*

*From 1 July 2010, this document is taken to be a public ruling under Division 358 of Schedule 1 to the **Taxation Administration Act 1953**.*

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

[Note: *This is a consolidated version of this document. Refer to the Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]*

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 applies [to tax periods commencing] both before and after its date of issue. However, this Advice will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Advice (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Commissioner of Taxation
8 February 2006

Previous Rulings/Determinations/GST Advice:

GSTA TPP 060; TR 2006/10

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 Sch 1 Div 358

Other references:

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

ATO references

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