

GSTB 2000/1 - Special credit for sales tax paid on stock

GST Bulletin

GSTB 2000/1



Australian
Taxation
Office

Special credit for sales tax paid on stock

This Bulletin will apply on and from 8 July 1999, the date of Royal Assent to the GST legislation.

Background

Under the new tax system, the wholesale sales tax (WST) will be replaced by the Goods and Services Tax (GST) from 1 July 2000. Goods that have been taxed under different rates of WST will be taxed at 10% under the GST.

Many retailers and service providers will be holding stocks of new goods for sale on which WST has been paid. To apply GST on top of WST already embedded in the price of goods may be imposing inappropriate double taxation. To prevent this happening, businesses may claim a special credit for the WST paid on their stock of new goods held at the start of 1 July 2000.

The special credit only relates to new goods on which WST has been paid and not goods that are exempt from WST. You do not need to take any action for those goods that are exempt. Appendix A shows examples of goods that are exempt.

This Bulletin explains how you claim the special credit to which you are entitled. It is important to note that you claim the special credit on your Business Activity Statement (BAS). You do not claim the special credit on a sales tax return or by using a sales tax refund application form.

The BAS is not to be used to claim sales tax credits that relate to dealings prior to 1 July 2000. You should use a sales tax refund application form for that purpose.

This Bulletin explains the application of the concepts contained within GST Ruling GSTR 2000/8 'Special credit for sales tax paid on stock'. This Bulletin contains additional methods to calculate the special credit.

This Bulletin does not apply to stocks of alcoholic beverages, except for certain low alcohol products. Information about calculating the special credit for WST in stocks of alcoholic beverages is provided in GST Ruling GSTR 2000/6.

The methods outlined in this Bulletin are for the purpose of calculating the special credit for WST included in stock on hand at the start of 1 July 2000. These methods are not to be used to determine price.

Whether or not you use any of the simplified calculation methods, you still have to comply with the Australian Competition and Consumer Commission (ACCC) price exploitation guidelines when setting the actual selling price of individual products. You can obtain a copy of the ACCC guidelines *Price Exploitation and The New Tax System* from the ACCC Pricing Hotline on **1300 302 502** or at their website at **www.accc.gov.au**

This Bulletin is a public ruling for the purposes of section 37 of the *Taxation Administration Act 1953* and may be relied upon by any person to whom it applies. It is current as at 12 May 2000.

How to use this Bulletin

If you can work out the amount of WST from stock records or invoices, you may only need to:

- identify those goods you hold for sale or exchange at the start of 1 July 2000;
- make any necessary adjustments for rebates or discounts;
- calculate the special credit; and
- show the special credit on your BAS.

See steps 1, 4, 5 and 7 later in this Bulletin.

Where you cannot work out the WST from stock records or invoices, you will need to consider all the steps outlined in this Bulletin. In particular, step 6 may provide an estimation method for your particular industry. However, where you have made stock purchases from a retail trader (not a wholesale trader) you should refer only to 'Method 1 – Retail' in Step 6 at page 11.

For more details on these steps, please refer to the detailed explanation of them later in this Bulletin.

Am I entitled to claim the special credit?

You can claim the special credit if at the start of 1 July 2000 you are registered for GST and you have goods on hand, on which WST has been paid, that you are holding for sale or exchange (and not for manufacture, hire or lease) in the ordinary course of business.

How do I claim the special credit?

To claim the special credit you take the following steps:

- | | |
|---------------|--|
| <i>Step 1</i> | Identify the goods you hold for sale or exchange at the start of 1 July 2000 on which WST has been paid. |
| <i>Step 2</i> | Work out the quantity of those goods you hold for sale or exchange at the start of 1 July 2000. |
| <i>Step 3</i> | Work out the cost of goods you hold for sale or exchange at the start of 1 July 2000. |
| <i>Step 4</i> | Make any necessary adjustments to your cost of goods on hand before calculating your special credit. |
| <i>Step 5</i> | Calculate the amount of WST paid on goods you hold for sale or exchange at the start of 1 July 2000. This is the amount of the special credit you can claim. |
| <i>Step 6</i> | Use an estimation method to calculate your special credit if the amount of WST paid is not readily ascertainable. |
| <i>Step 7</i> | Show the special credit on your Business Activity Statement (BAS). |

These steps are explained in this Bulletin.

Step 1 Identify the goods you hold for sale or exchange at the start of 1 July 2000.

You hold goods for sale or exchange at the start of 1 July 2000 if:

- (A) the **goods (are) on hand at the start of 1 July 2000**; and

- (B) the **goods you hold (are) for the purpose of sale or exchange** (but not for manufacture) in the ordinary course of business.

However, you do not include:

- (C) **goods you hold on someone else's behalf** (for example, on consignment); or
- (D) **second-hand goods** (which include goods held previously for hire or lease), other than if you imported second-hand goods and nobody could quote under the *Sales Tax Assessment Act 1992* for their importation.

Each of the concepts highlighted is explained in turn.

(A) Goods on hand at the start of 1 July 2000

Goods are on hand if:

- you own them – that is you have the power to dispose of them; and
- they are either in your physical possession; or
- they are being stored or warehoused for you or they are in transit.

Are goods purchased under 'Retention of Title' (Romalpa) clauses on hand?

Your suppliers may use 'Retention of Title' clauses (also known as Romalpa clauses) to protect their interests. The effect of such clauses is that title in the goods remains with your suppliers until you make payment.

For goods that you purchase under a 'Retention of Title' clause, it is the time when the goods are removed from your suppliers that is relevant – rather than the time when title passes. Where your supplier before 1 July 2000 removes goods, that are subject to a Retention of Title clause, for delivery to you and you pay for the goods on or after 1 July 2000 (this is when title in the goods passes), those goods are considered to be on hand at the start of 1 July 2000 if they are in your possession, or in transit, or being stored or warehoused on your behalf at that time. You can claim the special credit for goods supplied to you under 'Retention of Title' clauses.

Likewise, if you deliver goods to customers under a 'Retention of Title' clause, those goods have already been removed by you and no longer form part of your stock on hand. You cannot claim the special credit for goods you have supplied under 'Retention of Title' clauses.

Are goods put aside on lay-by on hand?

Goods that you have allocated to a customer under a lay-by arrangement are still on hand until the customer makes the final payment.

What if customers return goods to me?

You may have a policy of allowing full credit to customers for returns of unused goods. Where goods that you sell before 1 July 2000 are returned to you for credit after 1 July 2000 and you place them back into your stock, you can treat them as being on hand at the start of 1 July 2000 and include them in your special credit claim. You will need to keep evidence of the original sales to your customers and the returns to you in case we want to check your claim. If you have already claimed your special credit, you can lodge an amended BAS to claim the additional credit.

What if I return goods to suppliers?

You should not include in your special credit claim, goods that were on hand at the start of 1 July 2000 and that you have later returned to your suppliers for a credit of the full purchase price. For these goods, the WST paid on them will be credited to you by your suppliers. If you return the goods after you have claimed your special credit, you will need to adjust your claim. If this occurs, you must lodge an amended BAS and repay the overclaimed special credit.

(B) Goods you hold for the purpose of sale or exchange

If you are a retailer or a retailer/wholesaler, goods that you purchase or import as trading stock will be held for the purpose of sale or exchange in the ordinary course of business.

If you are a builder, you may hold stocks of goods with the intention of permanently affixing them to the site of the building work. Where the property in the goods will pass to another person in the ordinary course of your business, the goods are held for sale or exchange. Property in the goods may pass to another person, either because the building forms part of the land owned by another person, or because you intend to sell the real property on which the building is located. Note that you can only claim the special credit for the WST paid on materials that have not already been permanently affixed to the building site at the start of 1 July 2000.

Example

At the start of 1 July 2000, Reg Builder has a 'spec home' under construction on his land. On completion, the house and land will be sold in the ordinary course of business. Reg has on hand at the start of 1 July 2000 an air conditioner that will be affixed to the home under construction. Reg is eligible for a special credit for WST paid on the air conditioner that has not been permanently affixed to the site.

If you are a tradesperson, repairer or similar service provider, materials and spare parts are goods that you hold for the purposes of sale or exchange where those goods have all of the following qualities:

- the goods are supplied in the course of, and as an essential part of performing the services;
- the goods are separately identifiable things that retain their character or nature before and after the services are provided, that is, they are not used up or significantly changed in performing the services;
- the goods are disposed of under a contract in which a separate charge is made for the materials and spare parts supplied; and
- property in the goods passes to the customer.

Goods that meet these requirements include oil and grease held by a motor mechanic for supply in a business that services motor vehicles. Goods that are transformed and do not meet these requirements include paint held by an artist or panel beater and materials used by a tyre repairer to retread tyres.

Note: if you are a service provider your purchases would generally be from a retail trader and you should refer to Step 6, Method 1 – Retail on page 11.

Are consumable stores eligible for the special credit?

Consumable stores (for example, office stationery or cleaning rags) by their very nature are not held for purposes of sale or exchange. They are not stock on hand and they are not eligible for the special credit.

(C) Goods you hold on someone else's behalf

You may hold goods that are owned by your suppliers in circumstances where it is either not likely or not certain that you will purchase the goods.

Examples of these types of arrangements are where goods are held on:

- consignment;
- approval;
- sale or return;
- commission agency; or
- trial.

You have not purchased goods that you hold under such arrangements and you have not paid WST on these goods. You can not claim any special credit on these items.

However, if you have provided goods under such arrangements to your customers and you have paid WST on those goods, you may be entitled to a special credit.

(D) Second-hand goods

Second-hand goods are those goods that are not new or have been previously used. They do not have to be previously owned. Previously used goods have been used for the purpose for which they were designed – their intrinsic purpose.

You can not claim any special credit on second hand goods.

Are demonstration goods second-hand?

Goods that are used for demonstration purposes may or may not be used for their intrinsic purpose. For example, a refrigerator on display in a department store has not been used for its intrinsic purpose to refrigerate food.

If you hold goods that are used for demonstration purposes you can claim the special credit where the use of the goods for their intrinsic purpose is negligible or insubstantial, and the goods are to be sold as new goods with full warranty attached (as opposed to used goods with a partial warranty or no warranty). For example, a piece of earthmoving equipment which is occasionally used for demonstration purposes at exhibitions or field days is used for its intrinsic purpose, but that use may be regarded as negligible or insubstantial.

Demonstration vehicles or drive cars held by motor dealers have been used for their intrinsic purpose as a means of transportation. They are usually sold as used vehicles with a partial warranty, being the balance of warranty remaining. They are second-hand goods and you cannot claim the special credit for these vehicles.

Are goods second hand if you use them in your business and/or privately?

Goods you acquired in your business that are used in your business and/or used privately have been used for their intrinsic purpose. They are second-hand goods and are not eligible for the special credit.

Step 2 Work out the quantity of goods held for sale or exchange at the start of 1 July 2000.

Do I have to do a stocktake?

In many cases, you will need to (or may want to) undertake a physical stocktake of the goods you hold at the start of 1 July 2000.

You do not have to do a stocktake at this time if:

- all your goods are exempt from WST; or
- you have a perpetual inventory system (that is, you maintain a continuous and accurate record of your stock of goods on hand by recording all stock movements and losses such as purchases, sales, returns, spoilage, breakage, shoplifting and theft); and
- you have undertaken stocktake(s) so that you count all items of stock at least once during the period 1 July 1999 to 30 June 2000; and
- you have adjusted your stock records for discrepancies identified by your stocktake(s).

Should I stocktake at close of business on 30 June 2000?

Generally, you can obtain a more accurate stocktake between the close of business on 30 June 2000 and the start of business on 1 July 2000. You may be intending to do a stocktake at this time for reasons other than the claiming of the special credit.

However, we realise that it will not be practical for all stocktakes to be conducted between close of business on 30 June and start of business on 1 July. If you do a physical stocktake within the period 1 June 2000 to 31 July 2000, this will be acceptable if you maintain an accurate record of purchases, sales, returns, spoilage and breakage, so the result of your physical stocktake is adjusted for stock movements between the time of the stocktake and the start of 1 July 2000. If your stocktake is carried out by, or under the control of, a stocktaking professional it may be undertaken within the period 18 May 2000 to 14 August 2000.

Suggestions for doing a stocktake

In doing your stocktake it may be helpful to categorise items according to the WST rate that applies. (The table in Appendix A lists WST rates for many items)

Categorisation will be useful in calculating your special credit if:

- your stock system or invoices do not show how much WST was paid and you wish to reconstruct the amount of WST paid; or
- you calculate your special credit using Method 1 - Retail (*Step 6*) on page 11.

If you do categorise your stock items according to WST rates, it is recommended that this occurs prior to doing the stocktake to minimise your workload at stocktake time.

Suggestions for categorising items are:

- marking stock items or their shelf spaces with a different colour for each WST rate (that is exempt, 12%, 22% and other rates if applicable);
- if you source some of your stock from retail purchases, you will need to separately identify these items because a different method of WST calculation is required (see Step 6, Method 1 – Retail on page 11); and
- grouping together items into WST rate categories either on your stock sheets or on a worksheet prior to calculation of the WST paid. Appendix B is a suggested worksheet.

Step 3 Work out the cost of goods you hold for sale or exchange at the start of 1 July 2000.

If your stock system identifies each article of stock, its cost and the amount of WST paid, your special credit should be calculated directly from that WST figure. Alternatively, you may be able to identify the cost of each item and the amount of WST by tracing your purchases back to source documents such as invoices.

However, in many businesses, it is impractical or commercially unrealistic to trace the actual WST inclusive cost of each particular article of stock. Therefore, we will accept any reasonable method (discussed below) of valuing your stock of goods provided it identifies the cost price on which you have paid tax for each line of stock.

FIFO and average cost

FIFO ('first in, first out') and average cost give the most accurate valuation and are the preferred methods for identifying the tax-inclusive cost of goods for which you are claiming the special credit. However, you can use the other methods detailed below if they give an accurate calculation of the tax-inclusive cost of your goods on hand or if appropriate adjustments are made so that your method achieves that result.

Replacement cost

Some stock valuation methods use the cost of the most recent purchases or the cost at which the stock could be replaced. These methods will not value all the items in stock at their actual purchase price unless there have been no price increases for these goods since the time of purchase. If you use these stock valuation methods and your purchase prices have increased since you purchased the goods, you must make adjustments to reduce the resultant cost figure to equal the actual price for which you purchased all of the goods.

Retail inventory method

The retail inventory method (also known as calculated cost or point of sale methods) will provide an accurate cost valuation where:

- (a) your gross profit margin is set to take account of the items of stock of goods on hand at the start of 1 July 2000 that you purchased at a price lower than your most recent purchases; or
- (b) you turn your stock of goods over in a short period of time so that your current retail prices (when reduced by your gross profit margin) equate to your actual purchase prices; or

- (c) a further adjustment is made (after your selling prices are reduced by your gross profit margin) to reflect movements in cost prices while the stock of goods was on hand; and
- (d) mark-downs to retail selling prices are added back.

If you conduct your stocktake after 1 July 2000, you must calculate your total selling prices by valuing the physical quantities at the selling prices that applied before they were adjusted to take account of WST having ceased and GST becoming payable.

Other methods

Other methods such as LIFO ('last in, first out') and base cost are not acceptable for determining the WST component of your stock of goods.

Step 4 Make any necessary adjustments to the cost of goods on hand before calculating your special credit

Before calculating your special credit, you must make adjustments to your stock valuations in the following situations:

- (A) the wholesale cost includes freight and other WST exempt items; or
- (B) the wholesale cost, on which WST was originally calculated, is later altered by discounts, rebates or other reductions.

(A) Wholesale cost includes freight and other WST exempt items

Generally, WST is calculated by the wholesaler on the price for which the goods are sold to you. However, your final recorded cost of the goods may include other costs. You must exclude the value of these costs from your recorded cost before applying the formula for calculating the amount of WST paid because WST is not payable on those costs. Examples include freight, insurance, finance charges and optional warranty charges that are included in a separate contract and are not essential to the contract of sale of the goods to you.

Instruction manuals and AC adaptors

Many goods are sold as a bundle with other goods, such as instruction manuals and AC adaptors that are exempt from WST. Although your supplier charges a single price for the complete packaged goods, the cost of the exempt goods is excluded before calculating the special credit.

(B) Wholesale cost, on which WST was originally calculated, is later altered by discounts, rebates or other deductions

Arrangements between suppliers and purchasers often include express or implied conditions that provide for discounts or rebates from the amount payable by the purchaser to the supplier. Certain of these discounts or rebates such as trade discounts, volume rebates, deferred credits and prompt payment or settlement discounts, reduce the price for which the goods are sold. They also reduce the WST payable.

Price reductions such as settlement discounts or trade discounts are usually deducted in advance of payment. Deferred credits and volume rebates are not calculated until after the transaction has been completed and may be paid as a refund to the purchaser. Consequently, the credit reduces the amount of WST payable by the supplier.

As a retailer, you may receive a refund or credit from the supplier that includes components attributable to both the cost of the original transaction and the WST. In this case, the amount of WST paid is reduced by the tax component of the discount or rebate.

You can apply an average adjustment

If a significant number of the products you sell is purchased at prices that include costs that have not been included in the calculation of WST (or you receive discounts or rebates that reduce the amount of WST paid) you may be able to calculate an average adjustment factor that you could apply to all these goods that are in your stock. To do this you would have to base your calculation on a sufficient number and variety of transactions so that the result is reasonable and statistically sound.

If, at the time of making your special credit claim, you know you will receive discounts or rebates that reduce the amount of WST paid on your stock of goods, you should allow for them when calculating your claim to avoid having to make adjustments after your claim has been made. If you have made your claim and you later receive discounts or rebates that reduce the amount of WST paid on the goods you have claimed, you must lodge an amended BAS and repay the credit overclaimed.

Step 5 Calculate the amount of WST in goods you hold for sale or exchange at the start of 1 July 2000.

(A) Wholesale goods bought in Australia

If your stock system identifies each article of stock, its cost and the amount of WST paid, your special credit should be calculated directly from that WST figure. If your stock system does not identify each article of stock, the most accurate method of identifying the amount of WST paid is to trace the acquisition back to source documents such as invoices.

If your stock system uses an acceptable valuation method and you make any necessary adjustments to arrive at a tax inclusive cost, you can apply the following formula to that amount to work out how much WST was paid:

Formula

$$\text{WST paid} = \frac{\text{WST rate}}{(\text{WST rate} + 100\%)} \times \text{WST-inclusive cost price}$$

(You will find a list of WST rates at Appendix A).

This will be the amount of the special credit that you can claim.

Example

WST-inclusive cost price of \$933

WST rate of 12%.

Calculation:

$$\begin{aligned} \text{WST paid} &= \frac{\text{WST rate}}{(\text{WST rate} + 100\%)} \times \text{WST-inclusive cost price} \\ &= \frac{12\%}{12\% + 100\%} \times \$933 \end{aligned}$$

$$= \$99.96$$

(B) Goods you have imported

The best way to calculate the credit for goods you have imported is to take the amount of WST paid from each line entry on the *Customs Entry for Home Consumption* document.

If the document is not available, you can calculate the amount of WST paid. However, WST is calculated differently for your imports than it is for your purchases in Australia. The following formula applies:

Formula

WST paid = Tax and duty inclusive cost x Factor

(The factor to be used is that which corresponds to the relevant WST rate in the following table):

<u>WST rate</u>	<u>Factor</u>
12%	12.59%
22%	20.89%
32%	27.75%

You can only use these factors if you first exclude from your total cost, any other costs that have not been included in the customs value. Such costs may include overseas freight, agents' fees, wharf charges and storage costs.

Example

<i>WST-inclusive cost of import</i>	<i>\$345</i>
<i>WST rate</i>	<i>12%</i>
<i>Factor</i>	<i>12.59%</i>

Calculation:

$$\begin{aligned}
 \text{WST paid} &= \text{WST-inclusive cost} \times \text{Factor} \\
 &= \$345 \times 12.59\% \\
 &= \$43.44
 \end{aligned}$$

Step 6 If the amount of WST is not readily ascertainable what can you do?

Where the amount of WST in goods on hand held for sale or exchange at the start of 1 July 2000 is not readily ascertainable, you may be able to estimate the amount, provided the method used produces a reasonably accurate result. The appropriate estimation method to use will depend on the type of business you operate, the type of purchases you make or the amount of goods on hand held for sale or exchange at the start of 1 July 2000. There are 4 estimation methods that we will accept:

<i>Method 1 - Retail</i>	A simplified calculation using 50% of purchase price.
<i>Method 2 - Mixed business</i>	A calculation for small retailers that uses a 6 week analysis of purchases.
<i>Method 3 - Business average</i>	A simplified calculation based on average WST rates for particular businesses.
<i>Method 4 - Safe harbours</i>	A simplified method for particular classes of goods.

Method 1 – Retail – Simplified calculation using 50% of purchase price

Where you acquire goods directly from a wholesaler, the WST paid will be included in your invoice. However, when you acquire goods directly from a retailer the WST paid and invoiced to the retailer is generally not disclosed in your invoice, because the retailer's price reflects the retailer's costs (including WST) and the retailer's profit or margin.

Unless you know either the amount of WST or the wholesale cost on which sales tax is levied, you will not be able to apply the formula in *Step 5* on page 9 for goods you purchased in Australia. However, if you only know the retail cost of the goods, you may use this method to calculate the special credit.

Under this method, the special credit is calculated on a percentage of the purchase price of the goods you hold for sale or exchange on 1 July 2000. It estimates the cost of the goods when WST was paid by assuming that the retailer applies a 100% markup on cost when selling the goods to you. The formula to use is:

Formula

Special credit = Purchase price x 50% x WST rate

(There is a list of WST rates in Appendix A).

You can use this method for goods where:

- the sale to you was a retail sale; and
- the invoice does not show the amount of WST paid.

Example 1

In June 2000, a plumber purchases a hand basin from a retail hardware store for fitting to a customer's home. This item is on hand at the start of 1 July 2000. However, the receipt or invoice from the hardware store does not include in the selling price, details of any WST paid.

The plumber's purchase price is \$900 and the plumber is aware that the WST rate on this item is 12%.

Calculation:

$$\begin{aligned}\text{Special credit} &= \text{Purchase price} \times 50\% \times \text{WST rate} \\ &= \$900 \times 50\% \times 12\% \\ &= \$54\end{aligned}$$

Example 2

A corner store is short of stock and purchases 10 cartons of soft drink from a local supermarket. These are on hand at the start of 1 July 2000.

The corner store's purchase price is \$240 and the WST rate for soft drinks is 22%

Calculation:

$$\begin{aligned}\text{Special credit} &= \text{Purchase price} \times 50\% \times \text{WST rate} \\ &= \$240 \times 50\% \times 22\% \\ &= \$26.40\end{aligned}$$

If you don't know the rate of tax to apply when using this method, you should contact us by calling **13 28 66** for the cost of a local call.

What can I do if the 50% rate is too low for my industry?

A rate greater than 50% may be used to calculate the special credit for goods on hand held for sale or exchange at the start of 1 July 2000 where:

- the sale to you was a retail sale; and
- the invoice does not show the amount of WST; and
- you are a member, or entitled to be a member, of an industry association; and
- a rate greater than 50% is approved by the ATO for members of that industry association.

You should contact your industry association to see if this applies to you.

Method 2 - Mixed Business – Calculation for a small mixed business using a 6 week analysis of purchases

If you operate a small mixed business which has a wide range of stock items, you may find it difficult and time consuming to identify each item's WST rate at stocktake time.

Under this method, you record and analyse your purchases over 6 continuous weeks. Purchases are grouped according to the WST rates that apply to each item. At the end of 6 weeks, the total WST paid on purchases is divided by the total purchases and expressed as a percentage. The percentage is then applied to your total stock of goods figure at the start of 1 July 2000, enabling you to calculate your special credit.

You can use this method where:

- you operate a small mixed business (but not repairers); and
- the sale to you was a wholesale sale; and
- you have an annual turnover or anticipated annual turnover of less than \$5 million; and
- you have inventory purchases that do not significantly vary throughout the trading year; and
- you do not keep a perpetual stock recording system or a stock recording scanning system.

How does this method work?

The method estimates the WST paid on goods held for sale or exchange at the start of 1 July 2000 on the basis of an average WST rate determined by the analysis of purchases in a 6 week period.

Note: If you find that some of your suppliers show WST-inclusive prices and others show WST-exclusive prices, we suggest that you record separate weekly totals for tax-exclusive prices rather than adding WST to the price of each item of stock (see the separate columns for tax-exclusive purchases in the worksheet below). At the end of the 6 week period, WST can be added in total to find the total WST-inclusive amounts.

The analysis has 6 processes.

Process 1 – The items that have borne the same WST rate are grouped together and the costs are totalled to arrive at a weekly figure. This is continued for each tax rate as well as for exempt items until all purchases are accounted for the week. We recommend that you use a worksheet similar to the one shown at Appendix C.

Process 2 – At the end of the 6 week period you total each column.

Process 3 – WST is added to each WST-exclusive column to calculate the total cost for your purchases of taxable goods under each WST rate.

Process 4 – The WST-inclusive totals for each tax rate, together with the total for exempt goods, are added to give you total purchases for the period.

Process 5 – The WST rate is applied against the purchases for each rate to determine actual WST paid - then totalled.

Process 6 – From the worksheet calculate the average WST included in stock of goods by dividing the actual WST (**process 5**) by total purchases (**process 4**), and then multiply by 100.

In the sample worksheet \$1,524.04 is divided by \$17,457 then multiplied by 100 to give an average WST rate of 8.73% (.0873 x 100).

Sample worksheet

Weekly purchases in dollars (assume no purchases of stock with a WST rate of 32%).

Week	Exempt	12%		22%		Totals
		WST-incl	WST-excl	WST-incl	WST-excl	
1	1,300	\$ 390	\$ 200	\$ 450	\$ 500	\$ 2,840
2	1,200	110	245	500	610	2,665
3	1,400	500	216	510	550	3,176
4	1,100	295	300	420	490	2,605
5	1,300	185	195	395	560	2,635
6	1,350	245	286	410	390	2,681
<i>(Process 1)</i>						
Totals	\$7,650	\$1,725	\$1,442	\$2,685	\$3,100	\$16,602
<i>(Process 2)</i>						
WST rate			X		X	
<i>(Process 3 rate)</i>			12%		22%	
WST on WST-excl			\$173		\$682	\$855
<i>(Process 3)</i>						
Totals (incl WST)	\$7,650	\$1,725	\$1,615	\$2,685	\$3,782	\$17,457
<i>(Process 4)</i>						
WST ratio		X	X	X	X	
<i>(Process 5 ratio)</i>		12/112	12/112	22/122	22/122	
WST paid		\$184.82	\$173.04	\$484.00	\$682.00	\$1,524.04
<i>(Process 5)</i>						
Average WST rate						8.73%
<i>(Process 6)</i>						

You can use this average WST rate to calculate the special credit. When you have calculated the total cost of stock of goods held for sale at the start of 1 July 2000 you multiply this cost by the average WST rate to arrive at the special credit amount.

Example

Your stock of goods on hand, after adjustments for discounts and returns at the start of 1 July 2000 has a total tax-inclusive cost of \$25,000.

$$\begin{aligned}
 \text{Total WST paid} &= \text{Stock of goods on hand} \times \text{Average WST rate} \\
 &= \$25,000 \times 8.73\% \\
 &= \$2,182.50
 \end{aligned}$$

Special credit of \$2,182.50 is to be claimed in the BAS.

In some circumstances, your major wholesale supplier may provide a stocktake support service of costing out your stock of goods by taking the physical quantities from your stocktake and calculating the cost of your stock of goods and the WST paid on that stock of goods. Alternatively, a wholesaler may provide you with a summary of your purchases for the 6 week period. This avoids the need to record and analyse purchases from that wholesaler. At the end of the 6 week period, you can add the totals from that wholesaler to the totals of your purchases from other suppliers and then apply *Process 3*.

If your stock turnover of WST exempt goods is higher than your turnover of non WST exempt goods, this estimation method may operate to your disadvantage. This is because the breakup of your purchases over the 6 week period will not be reflected in the goods held at the start of 1 July 2000.

Example

Each week you purchase goods for \$500 that are WST exempt. Every 2 weeks you purchase goods for \$1,220 that are taxed at the WST rate of 22%.

Goods held at the start of 1 July 2000 are \$500 that are WST exempt and \$1,220 taxed at the WST rate of 22%.

For the 6 week period the average WST rate using the process described on page 13 is 9.91%.

$$\begin{aligned}
 \text{Special credit} &= \text{stock of goods on hand} \times \text{Average WST rate} \\
 &= \$1,720 \times 9.91\% \\
 &= \$170.45
 \end{aligned}$$

This is considerably less than the actual WST paid of \$220 (\$1,220 x 22/122).

What can I do if I have a mix of retail and wholesale purchases?

Method 2 can be used where the sale to you is a wholesale sale. This method cannot be used where the sale to you is a retail sale.

However, where you have a mix of retail and wholesale purchases with only a small percentage of retail purchases (for example, you occasionally purchase cans of soft drink when they are on special at a supermarket) you may be able to use this method.

The average WST rate is calculated only on your wholesale purchases during the 6 week period where:

- you have an annual turnover or anticipated annual turnover of less than \$5 million; and
- you operate a small mixed business; and
- the sales to you are a mix of retail and wholesale; and
- the majority of the sales to you are wholesale; and
- you have inventory purchases that do not significantly vary throughout the trading year; and
- you do not keep a perpetual stock recording system or a stock recording scanning system.

The average WST rate calculated on only wholesale purchases during the 6 week period is then used to calculate the special credit on goods held for sale or exchange at 1 July 2000, regardless of whether those goods were a retail or wholesale purchase.

Where your retail purchases are not a small percentage, it may be appropriate to use a mix of methods.

Method 3 – Business average - Simplified calculation based on a business average WST rate

Small business retailers who have a wide range of stock items may find it difficult and time consuming to identify each item's WST rate at stocktake time. *Method 3* is intended to overcome this difficulty and is an alternative to *Method 2*.

The business average WST rates have been jointly developed by the ATO, industry associations or buying groups and the business community for the following businesses:-

<u>Business</u>	<u>Business average WST rate</u>	<u>Limit for stock of goods held</u>
(a) Convenience stores/milk bars	6.00%	\$100,000
(b) Small grocers and supermarkets	7.60%	\$200,000
(c) Hardware stores	6.50%	\$200,000
(d) 'Traditional' record stores*	16.14% [#]	No limit

* *Traditional' record stores are those stores that stock predominantly music CD's, records, videos, cassettes and music accessories including, music books, magazines and sheet music. Music retailers that stock and sell hi-fi systems, hi-fi components and musical instruments are not regarded as traditional record stores and cannot use this method to calculate their special credit.*

[#] *As an alternative, as agreed with the Australian Record Industry Association (ARIA), a rate of 15.88% may be applied to the 'into store' costs of goods on hand at the start of 1 July 2000 rather than calculating the adjusted cost of goods on hand in Step 4.*

How does this method work?

For those goods which would normally be stock for that particular industry or buying group, you use a business average WST rate specific to your business to calculate your special credit for the stock of those goods held at the start of 1 July 2000.

You can use this method where:

- the amount of goods on hand held for sale or exchange at the start of 1 July 2000, including goods that are exempt from WST, is less than the limit specified in the table on page 15; and
- you exclude from your stock of goods, items that would not normally be stock for that particular industry or buying group (eg. fuel sales for a convenience store); and
- you exclude any alcohol from your stock of goods.

A separate calculation using one of the methods outlined in this Bulletin is required for the special credit for other goods which would not normally be stock for that industry or buying group. Your special credit is the sum of those two amounts.

To use this method you will need to know:

- goods normally held for your industry, business or buying group; and
- the cost of those goods which you hold for sale or exchange at the start of 1 July 2000; and
- the business average WST rate for your business.

The special credit amount for those goods is the total cost of the stock of those goods held for sale at the start of 1 July 2000 multiplied by the business average WST rate for your business.

Example

A small supermarket has stock of goods on hand (that would normally be held by that business), after adjustments for discounts and returns, at the start of 1 July 2000 of \$122,000.

The business average WST rate for that business is 7.60%.

$$\begin{aligned}
 \text{Special credit} &= \text{Stock of goods on hand} \times \text{Average WST rate} \\
 &= \$122,000 \times 7.60\% \\
 &= \$9,272
 \end{aligned}$$

Special credit of \$9,272 is to be claimed in the BAS.

Industry, business or buying groups not covered in the table on page 15 are encouraged to approach the ATO to negotiate a rate for use in their industry or by their members. Retailers not covered in the table on page 15 that are members, or entitled to be members, of industry associations, business or buying groups, should contact their associations or group to see if approval has been given for a business average rate for their industry.

METHOD 4 – Safe harbours

Some industries may find it difficult to calculate the special credit for some goods because there may be a mix of WST rates included in one product or prices may include exempt items.

A safe harbour average WST rate is an agreed rate for WST paid on certain classes of goods held for sale or exchange at the start of 1 July 2000, and they have been jointly developed by the ATO, industry association and the business community. This rate can be used by any business that sells the particular class of goods covered by the safe harbour.

The following is the only safe harbour average WST rate negotiated at the time of issue of this Bulletin:

<u>Class of goods</u>	<u>Safe Harbour average WST rate</u>	<u>Limit for stock held</u>
Music CD albums	15.70% [#]	No limit

[#] *As an alternative, as agreed with ARIA, a rate of 15.40% may be applied to the 'into store' costs of goods on hand at the start of 1 July 2000 rather than calculating the adjusted cost of goods on hand in Step 4.*

The special credit amount for the certain classes of goods is the adjusted cost of those goods held for sale at the start of 1 July 2000 multiplied by the safe harbour average WST rate.

Example

Music Stores Ltd has stock of music CD albums on hand of \$40,000 (cost adjusted under Step 4) at the start of 1 July 2000. The special credit for the music CD albums will be 15.70% of \$40,000.

Special credit of \$6,280 is to be claimed in the BAS.

A separate calculation is required for the special credit for other goods held at the start of 1 July 2000. Your special credit is the sum of those two amounts.

Other industry, business or buying groups are encouraged to approach the ATO to negotiate a safe harbour average WST rate for certain classes of goods held at the start of 1 July 2000.

Step 7 Show the special credit on your Business Activity Statement (BAS).

You can claim the special credit on any one BAS that you lodge for a tax period that ends before 7 January 2001. You do this by entering the special credit in the designated field Label 1G in your BAS. If you are a business that reports quarterly, the last BAS on which you can make your special credit claim is required by 4 February 2001.

What if I need to amend my special credit claim?

If, after making your claim, your entitlement to the special credit is reduced because you:

- receive any discounts or rebates; or
- accept any returns or return goods to your supplier; or
- apply goods you had on hand at the start of 1 July 2000 for a purpose other than as trading stock,

you must lodge an amended BAS. You do this by completing an amended BAS to replace the one in which you made your claim. You must do this on or before the 21st day of the month following the end of the tax period in which the change happens.

Provided you lodge the amended BAS (and repay any credit that has been overclaimed) within the time explained above, you will not be liable for any penalty.

You can also lodge an amended BAS to claim any additional credit that may arise because:

- you made a mistake in calculating your special credit claim; or
- goods on which a special credit was not claimed are returned from customers and placed back into stock.

Do I need to keep records?

You are required to keep records for five years from the date on which the record was prepared, or the completion of the transaction or acts to which those records relate. The worksheets at Appendix B & C might form part of those records if you use them to calculate your claim.

Do you need more information?

If you need more information about the special credit please contact the Tax Office:

- by **phone** on the **Business Tax Reform Infoline** on **13 28 74** - you can ring this number from anywhere in Australia for the cost of a local call;
- **in person** by visiting the enquiry counter at certain Tax Offices – Tax Office addresses are listed in *TaxPack*, and in your White Pages telephone directory;
- by *A Fax from Tax*, our 24 hour fax information service – simply call **13 28 60** (local call cost) on your phone or fax and follow the voice prompts; or
- at our Internet site, **ATOassist** www.ato.gov.au

For general WST enquiries, please contact the Tax Office by **phone** on our national enquiry number **13 28 66** – you can ring this number from anywhere in Australia for the cost of a local call.

Produced by the GST Rulings Unit of the Australian Taxation Office

ATO References:

NO

Appendix A

List of WST rates for goods

GENERAL DESCRIPTION	RATE
A	
Account books	22%
Adaptors - electrical	Exempt
Adhesives (building)	Exempt
Adhesives - glues, contacts, coverings	22%
Adhesive dressings	Exempt
Advertising matter	22%
After-shave gels & lotions	22%
Air conditioners (household)	12%
Air fresheners	22%
Aircraft	Exempt
Albums	22%
Aluminium foil (household)	12%
Ammunition	22%
Anchors	22%
Angles - metal	Exempt
Ant killers	22%
Antacid tablets	Exempt
Anti-perspirants	22%
Aprons	Exempt
Art (original works)	Exempt
Art supplies - brushes, easels, solvents, palettes, tools, etc	22%
Art supplies - canvas on the roll	Exempt
Artificial flowers	22%
Ashtrays	22%
Atlases	12%
Audio cassettes - blank & pre-recorded	22%
Autograph books	22%

GENERAL DESCRIPTION	RATE
Automotive maintenance products	22%
Automotive wiring	22%
Awnings (household)	12%
B	
Baby bassinets	Exempt
Baby baths	12%
Baby blankets	Exempt
Baby bottles	12%
Baby car seats/capsules	Exempt
Baby change tables	12%
Baby formula	Exempt
Baby play pens	12%
Baby powder	22%
Baby prams and strollers	Exempt
Baby rattles	22%
Baby rusks	Exempt
Baby trainers	12%
Baby walkers	12%
Baby wipes	12%
Back packs	22%
Badges	22%
Bags - freezer, garbage, laundry, oven, sandwich, etc	12%
Bags - other plastic & paper	22%
Baking powder	Exempt
Balloons	22%
Balls	22%
Balustrades	Exempt
Bandages & bandaids	Exempt

GENERAL DESCRIPTION	RATE
Bangles	32%
Baptismal certificates	Exempt
Barbecue cleaner	22%
Barbecue firelighters & firestarters	12%
Barbecue fuel	Exempt
Barbeques & utensils	12%
Bars - metal	Exempt
Baseball mitts	Exempt
Bath mats	12%
Bath foams & oils	22%
Bathing and shower caps	Exempt
Bathroom cabinets	12%
Bathroom cabinets made wholly of timber	Exempt
Bathroom fittings (fixtures) - soap holders, toothbrush holders, towel rails & rings etc	12%
Bathroom panelling	Exempt
Bathroom scales	22%
Bathplugs	12%
Baths	12%
Batten holders	Exempt
Batteries	22%
Battery chargers	22%
Bean bags	12%
Bed linen & bed spreads	12%
Beds	12%
Beer & spirits	37%
Belts & buckles	Exempt
Bibles	Exempt
Bike helmets	Exempt
Bikes	22%
Billets - metal	Exempt

GENERAL DESCRIPTION	RATE
Binders	22%
Binoculars	22%
Bird baths	22%
Bird seed (domestic)	22%
Birthday candles	12%
Birthday cards	22%
Biscuits	12%
Blankets, incl electric blankets	12%
Bleach	22%
Blenders	12%
Blinds (household)	12%
Blood pressure outfits	Exempt
Blooms - metal	Exempt
Blu-tac	22%
Board games	22%
Boating & marine parts & accessories	22%
Boats & yachts	22%
Bobby pins	22%
Body sprays	22%
Bolts & nuts	Exempt
Bonox	Exempt
Boogie boards & surf boards	22%
Bookcases (household)	12%
Bookends	22%
Books	Exempt
Books - address, carbon, docket, exercise, note, project, receipt, sketch, etc	22%
Bottles - cream & milk	Exempt
Bottles - sauce, sports, water	12%
Bowls	12%
Boxes	22%

GENERAL DESCRIPTION	RATE
Brackets	Exempt
Braid	12%
Bread	Exempt
Breakfast cereals	Exempt
Breast pumps	Exempt
Breath fresheners	22%
Bric-a-brac	22%
Bricks & blocks	Exempt
Briquettes	Exempt
Brooms	12%
Brushes - bottle, furniture, pastry, scrubbing, shoe, toilet	12%
Brushes - paint	22%
Bubble bath	22%
Bubble gum	12%
Buckets	12%
Built-in cabinets, cupboards & wardrobes	Exempt
Builders' film	Exempt
Builders hardware	Exempt
Bullion	Exempt
Bus timetables	Exempt
Buses	22%
Business cards	22%
Butchers' paper	22%
Butter & margarine	Exempt
C	
Cabinets/chests of drawers (household)	12%
Cake decorations (edible)	12%
Cake mixes	Exempt
Cake pans	12%
Cakes & tarts	Exempt
Calculators	22%

GENERAL DESCRIPTION	RATE
Calendars	22%
Cameras - cinematograph, still, video & digital	22%
Camping furniture	12%
Can openers	12%
Candles & candlesticks	12%
Candy	12%
Canned soups, vegetables, fruit, fish, baked beans etc	Exempt
Canoes	22%
Caps, hats, & helmets	Exempt
Car washes & polishes	22%
Caravans	22%
Cardboard cartons	22%
Cards	22%
Carpenters' aprons, nail bags, surveyors' pouches	22%
Carpets (household)	12%
Cars	22%
Cars (luxury vehicles)	45%
Castor oil	Exempt
Cassettes - audio & video, blank & pre-recorded	22%
Cat food	22%
Catalogues	22%
Caviar	Exempt
CD players	22%
CDs, video & audio tapes	22%
Cellophane	22%
Cement, concrete & mortar mixes	Exempt
Cement additives	Exempt
Cement mixers	22%
Cereals	Exempt
Chain	22%
Chainsaws	22%

GENERAL DESCRIPTION	RATE
Chairs - dining, folding, kitchen, lounge	12%
Chalk	22%
Chamois	12%
Channel - metal	Exempt
Cheese	Exempt
Cheese & bacon balls	12%
Cheque books	22%
Chest of drawers	12%
Chest rub	Exempt
Chewing gum	12%
Chickens	Exempt
Chiko rolls	Exempt
Children's play costumes	Exempt
Chipboard, plywood & pegboard	Exempt
Chipper/shredders	22%
Chips & salted nuts	12%
Chocolates & confectionery	12%
Cigarette lighters	22%
Cigarette papers	22%
Cigarettes, cigars & tobacco	Exempt
Circuit breakers	Exempt
Clamps	22%
Cleaners - carpet, floor, glass, toilet, upholstery, etc	22%
Cleaning & polishing cloths	12%
Cling wrap (household)	12%
Clipboards	22%
Clips - hair	22%
Clocks & clock radios	22%
Cloth on the roll, incl glass fibre, synthetic, or plastic	Exempt
Clothes, incl hats & shoes	Exempt
Clothes airers, baskets, driers, & pegs	12%

GENERAL DESCRIPTION	RATE
Clothes lines (other)	12%
Clothes lines (rotary)	Exempt
Cloths - cleaning, dish, dusting, polishing, wipes	12%
Coal & coke	Exempt
Coasters (drink)	12%
Cocoa	Exempt
Coffee	Exempt
Coffee plungers	12%
Coffee tables	12%
Coffins	Exempt
Cold & flu tablets	Exempt
Combs & brushes	22%
Comics	Exempt
Commercial air conditioning equipment	22%
Commercial cooking equipment	22%
Commercial laundering & dry cleaning equipment	22%
Commercial refrigeration equipment	22%
Compasses & protractors	22%
Compost bins (household)	12%
Computer games (carrying medium only)	22%
Computer software (carrying medium only)	22%
Computers incl scanners, printers, paper, modems, keyboards, mouse pads, etc	22%
Concrete	Exempt
Conditioners	22%
Condoms	Exempt
Confectionery	12%
Construction machinery & equipment	22%
Contact lenses	Exempt
Containers - cereal, fridge, salad	12%
Contraceptives	Exempt

GENERAL DESCRIPTION	RATE
Cookies	12%
Cooking chocolate	Exempt
Cooking oil	Exempt
Copper pipe	Exempt
Cordials (containing at least 25% fruit juice)	12%
Cordials - other	22%
Corn	Exempt
Corn chips	12%
Correction fluids	22%
Cosmetics	22%
Cots and bassinets	Exempt
Cotton wool, incl cotton buds	Exempt
Cough lollies	12%
Cough mixture	Exempt
Clay	Exempt
Crackers	12%
Craft glitter	22%
Crayons	22%
Cream	Exempt
Creams - hair removal, moisturising, tanning	22%
Cremation casks	Exempt
Cricket gloves, helmets, protectors & pads	Exempt
Cricket sets (bat, ball, stumps)	22%
Crispbreads	Exempt
Crispers	12%
Crockery	12%
Croissants	Exempt
Crude oil	Exempt
Crushed metals	Exempt
Crutches	Exempt
Cuff links	22%

GENERAL DESCRIPTION	RATE
Cupboards - freestanding (household)	12%
Cups - drinking, foam, party, plastic	12%
Curry powders & pastes	Exempt
Curtain rods, tracks & fittings	12%
Curtains & blinds	12%
Cushion covers	12%
Cushions	12%
Cutlery	12%
Cutters - pastry, pizza, scone	12%
D	
Dairy foods - cheese, plain milk, cream, butter, etc	Exempt
Dampcourse	Exempt
Deadlocks	Exempt
Decorative or collectors' plates	22%
Degreasers	22%
Dental floss	Exempt
Denture cleaners	22%
Dentures, braces, bridges, crowns	Exempt
Deodorants	22%
Desk accessories	22%
Desks (household)	12%
Desks (office)	22%
Dessert bowls	12%
Detergents	22%
Diaries	22%
Dictaphones	22%
Diesel	Exempt
Dinner sets	12%
Dips - avocado, french onion, mexican etc	Exempt
Directory boards & notice boards	22%
Dishcloths	12%

GENERAL DESCRIPTION	RATE
Dishes - baking, loaf, oval, pie	12%
Dishwashers (household)	12%
Dishwashing liquid & detergents	22%
Disinfectants	22%
Diskettes	22%
Disposable drink cups & cutlery	12%
Dog collars & leads	22%
Dog food	22%
Dog kennels	22%
Dolls, doll prams & accessories	22%
Doonas	12%
Doors & door hardware	Exempt
Door mats	12%
Donuts	Exempt
Double adaptors	Exempt
Downlights, floodlights & spotlights (household)	12%
Doilies	12%
Drains & channels	Exempt
Drawing materials	22%
Dressing tables & bedside tables	12%
Drinking straws	12%
Drinks - milk, water	Exempt
Drinks - flavoured milk, fruit/vegetable juice & cordials which contain at least 25% fruit or vegetable juice	12%
Drinks - soft & other non-alcoholic	22%
Drugs & medicines	Exempt
Dry cleaning fluids	22%
Dummies	22%
Dyes	22%
E	
Ear drops	Exempt

GENERAL DESCRIPTION	RATE
Earrings & brooches	32%
Earthmoving equipment	22%
Easter eggs	12%
Edgers - lawn	22%
Eggs	Exempt
Eiderdowns	12%
Elastic	12%
Electric blankets	12%
Electrical fittings (fixed in consumers' premises)	Exempt
Electrical conduit	Exempt
Electrical safety devices	Exempt
Electrical wiring or cabling (fixed in consumers' premises)	Exempt
Electronic playstations & cartridges (not incl software)	22%
Emery boards	22%
Engagement rings	32%
Engines	22%
Entertainment units	12%
Envelopes	22%
Erasers	22%
Esky's	12%
Essence - vanilla, lemon, rum	Exempt
Exercise books	22%
Exercise equipment	22%
Explosives	Exempt
Extension lead/cord sets (household)	12%
Eye drops	Exempt
Eye droppers	Exempt
Eye-glasses	Exempt
Eye liner & make-up	22%

GENERAL DESCRIPTION	RATE
F	
Fabric softener	22%
Fabrics	Exempt
Face cleansers, lotions, moisturisers, washes	22%
Face cloths	12%
Facial tissues	22%
Fans - ceiling, exhaust & pedestal (household)	12%
Fasteners - timber	Exempt
Fax machines & paper	22%
Fence posts	Exempt
Fertiliser spreaders	22%
Fertilisers	Exempt
Film	22%
Film and slide projectors, viewers & screens	22%
Fire extinguishers & blankets	Exempt
Firearms	22%
Firelighters	12%
Firewood	Exempt
Fireworks	22%
First aid kits	Exempt
Fish (edible)	Exempt
Fish (imported gold fish)	22%
Fish fingers	Exempt
Fishing rods, reels, hooks, lines, sinkers	22%
Flags (states or nations)	Exempt
Flashings	Exempt
Flasks	12%
Flavoured milk incl flavoured soy & rice milk	12%
Flea collars	22%
Flippers	Exempt
Floodlights (household)	12%

GENERAL DESCRIPTION	RATE
Floor coverings & mats (household)	12%
Fluorescent tubes (household)	12%
Folding chairs	12%
Football boots	Exempt
Footballs	22%
Forks	12%
Fountain pens	22%
Flour - plain, self-raising, corn	Exempt
Flower pots	12%
Flowers (artificial)	22%
Flowers (Australian natural)	Exempt
Flowers (imported natural)	22%
Fly spray	22%
Flywire	Exempt
Foam rubber	22%
Folders & files	22%
Food - bread, cheese, meat, fruit, vegetables, etc	Exempt
Frames - picture & photo	22%
Fridge magnets	22%
Fridges & freezers (household)	12%
Frisbees	22%
Fruit - dried, fresh, tinned, frozen, etc	Exempt
Frypans	12%
Fuel	Exempt
Funnels	22%
Fur clothes, rugs, trimmings & skins	32%
Furniture (household)	12%
Furniture covers	12%
Furniture (office)	22%

GENERAL DESCRIPTION	RATE
G	
Games	22%
Gap sealants (building)	Exempt
Garbage bags (household)	12%
Garbage bins (household)	12%
Garden chairs & tables	12%
Garden chemicals	22%
Garden clocks & thermometers	22%
Garden edging	Exempt
Garden gloves	Exempt
Garden hoses	22%
Garden lights	12%
Garden mesh - plastic	22%
Garden ornaments & garden gnomes	22%
Garden sheds (in kit form)	Exempt
Garden tools	22%
Gas bottles	Exempt
Gases (not incl carbon dioxide, refrigerants or gases for inflating balloons)	Exempt
Gate hardware	Exempt
Gates	Exempt
Gauzes & lint	Exempt
Girders	Exempt
Glass	Exempt
Glasses - drinking	12%
Glasspaper	22%
Gliders	22%
Globes	12%
Gloves	Exempt
Glue - paper, pen, stick	22%
Grates	Exempt

GENERAL DESCRIPTION	RATE
Gravy	Exempt
Greeting cards	22%
Grout	Exempt
Guillotines	22%
Gutter guard	Exempt
Guttering, downpipes & fittings	Exempt
Gyprock sheets	Exempt
H	
Hair brushes, clips & combs	22%
Hair colourings, conditioners, gels, spray, rollers etc	22%
Hair scrunchies	Exempt
Hammocks	12%
Hand & power tools	22%
Handbags & luggage	22%
Handkerchiefs	12%
Hang gliders	22%
Hats, caps & helmets	Exempt
Head lice combs	Exempt
Headbands	Exempt
Hearing aids	Exempt
Heaters & fans (household)	12%
Herbs & spices	Exempt
High chairs	12%
Hinges	Exempt
Hip flasks	12%
Home brew packs	22%
Honey	Exempt
Hoses, hose fittings, hose reels & tidies	22%
Hot water systems	12%
House paint	Exempt
House stumps	Exempt

GENERAL DESCRIPTION	RATE
Household cleaning products	22%
Household furniture -bookcases, hutches, wardrobes etc	12%
Hymn books	Exempt
I	
Ice & dry ice	Exempt
Ice-cream, ice-cream cones & ice-blocks	12%
Icing sugar	Exempt
Incinerators (household)	12%
Incontinence pads	Exempt
Inflatable pools	22%
Ingots - metal	Exempt
Ink	22%
Insect screens	Exempt
Insect sprays & repellents	22%
Insect zappers	22%
Insulation foil & batts	Exempt
Invitations	22%
Invoice forms	22%
Irons (household)	12%
Ironing boards & covers	12%
J	
Jams, honey & other spreads	Exempt
Jardinières	12%
Jars - storage (household)	12%
Jellies	Exempt
Jelly beans	12%
Jewellery incl imitation & toy jewellery	32%
Jewellery & other storage boxes	22%
Joggers	Exempt
Jugs	12%
Juices (containing at least 25% fruit or vegetable juice)	12%

GENERAL DESCRIPTION	RATE
K	
Kettles	12%
Kerosene	Exempt
Key rings	22%
Key tags	22%
Kitchen scales	12%
Kitchen sinks	12%
Kitchen tidies & bags	12%
Kitchen utensils & hardware	12%
Kites	22%
Knives - bread, carving, chef's, paring, steak, utility	12%
Knives - hunting, pocket, pen, Swiss army	22%
Knitting needles	22%
Knitting wool	Exempt
L	
Lactose	Exempt
Labels & stickers	22%
Ladders	22%
Lamps (household)	12%
Lanterns (household)	12%
Lattice - timber	Exempt
Laundry baskets & trolleys	12%
Laundry tubs & troughs	12%
Lawn mowers	22%
Laxatives	Exempt
Leadlights	Exempt
Leather	Exempt
Lego, Meccano, Duplo & Knex	22%
Letterboxes	Exempt
Letterheads	22%
Letter writing kits	22%

GENERAL DESCRIPTION	RATE
Life jackets	Exempt
Light fittings (household)	12%
Light bulbs	12%
Light switches	Exempt
Lighters - disposable	22%
Lime	Exempt
Linen baskets	12%
Lino (household)	12%
Lintels	Exempt
Lipsticks	22%
Liqueurs	37%
Liquid nails	Exempt
Liquid soaps	22%
Livestock	Exempt
Lollies	12%
Lubricants, oils & greases	22%
Luggage	22%
Lunch wrap	12%
Lunch boxes	12%
Luxury motor vehicles	45%
M	
Magazines	Exempt
Magnets	22%
Make-up	22%
Malt preparations	Exempt
Manhole covers	Exempt
Manuscripts	Exempt
Maps & globes	12%
Margarine	Exempt
Marking pens	22%
Mascara	22%

GENERAL DESCRIPTION	RATE
Masks (non-safety)	22%
Mats - floor, place, shower, sink	12%
Matches	12%
Mattresses, mattress protectors, pillows	12%
Measuring cups	12%
Meat	Exempt
Meat pies	Exempt
Medical & surgical goods	Exempt
Menus	22%
Mesh - metal	Exempt
Methylated spirits	Exempt
Medicine glasses	Exempt
Metal building materials	Exempt
Metal rods, bars, sheets, mesh & extrusions	Exempt
Milk - liquid, powdered, concentrated, condensed, skim	Exempt
Milk (flavoured)	12%
Mirror doors & tiles	Exempt
Mirrors - bathroom, camping, framed, mounted, shaving	12%
Mirrors - hair, handbag, motor vehicle	22%
Mobile phones	22%
Model kits	22%
Moisturisers & other skin creams	22%
Mops	12%
Mosquito nets	12%
Mosquito repellents & coils	22%
Moth balls	22%
Motor cycle parts & accessories	22%
Motor oil	22%
Motor vehicles (not luxury vehicles)	22%
Motor vehicle parts & accessories	22%
Motors	22%

GENERAL DESCRIPTION	RATE
Mould destroyers	22%
Mouldings	Exempt
Mouse traps	22%
Mouthguards	Exempt
Muesli	Exempt
Muesli or health food bars	12%
Mulchers	22%
Multivitamin tablets	Exempt
Music CDs	22%
Musical instruments	22%
Muffins	Exempt
Mugs	12%
Mussels	Exempt
Mustard	Exempt
N	
Nail - false, files, polish	22%
Nails	Exempt
Nappies & nappy liners	Exempt
Nappy wash	22%
Necklaces	32%
Needles - hypodermic	Exempt
Needles - knitting	22%
Newspapers	Exempt
Night lights	12%
Note books	22%
Nursing pads	Exempt
Nuts - salted, spiced, roasted or otherwise processed	12%
Nuts - raw & crushed	Exempt
Nuts & bolts	Exempt
O	
Octopus straps	22%

GENERAL DESCRIPTION	RATE
Office equipment & furniture	22%
Office storage trays in kit form	22%
Oils & greases	22%
Olive oil	Exempt
Olives	Exempt
Opera glasses	22%
Orange juice (containing more than 25% juice)	12%
Organisers (electronic)	22%
Ornaments	22%
Outboard motors, parts & accessories	22%
Outdoor furniture	12%
Ovens, conventional & micro-wave (household)	12%
P	
Padlocks	22%
Pads - lecture, note, writing etc	22%
Pain relief preparations	Exempt
Paint brushes & rollers	22%
Paints - automotive	22%
Paints - building	Exempt
Paints - oils, watercolours etc	22%
Pallets	22%
Pancake mixes	Exempt
Pancakes	Exempt
Panty liners	Exempt
Paper - butchers', computer, copy, fax, writing, etc	22%
Paper plates, mugs & serviettes	12%
Paperbacks	Exempt
Paperclips	22%
Parquet blocks	Exempt
Party novelties	22%
Pasta	Exempt

GENERAL DESCRIPTION	RATE
Pate	Exempt
Patty pans	12%
Pavers	Exempt
Pearls	32%
Pegs	12%
Pencils & pens	22%
Perfume	22%
Periodicals	Exempt
Pet beds & bowls	12%
Pet food	22%
Pet shampoos	22%
Petrol, diesel & other fuel oil	Exempt
Phones - fixed, mobile & answering machines	22%
Photo frames & albums	22%
Photocopiers	22%
Photos	22%
Picnic set	12%
Picture hooks & frames	22%
Pies - cottage, curry, fruit, meat	Exempt
Pillow cases	12%
Pillows	12%
Pine logs	Exempt
Pine bark	Exempt
Pins	22%
Piping & tubing - irrigation, water supply, drainage or sewerage	Exempt
Pipe fittings - valves, meters, gauges, etc	Exempt
Pizza bags & boxes	22%
Pizzas	Exempt
Place mats	12%
Planters	12%

GENERAL DESCRIPTION	RATE
Plants	Exempt
Plaster & plasterboard	Exempt
Plate - metal	Exempt
Plates incl plastic & paper	12%
Play dough & plasticine	22%
Plywood	Exempt
Polishes	22%
Pool chemicals, equipment, liners & accessories	22%
Pool toys	22%
Popcorn	12%
Portable sun shelters (household)	12%
Post-it notes	22%
Post supports	Exempt
Postage stamps	Exempt
Pot holders	12%
Pot plant stands	12%
Potato chips, crisps, straws etc	12%
Pots - ceramic, hanging, terracotta	12%
Pots, pans & baking dishes	12%
Potting mix	Exempt
Poultry food	Exempt
Power boards	Exempt
Power points	Exempt
Power tools	22%
Prawns & crabs	Exempt
Prayer books	Exempt
Precious and semi-precious stones, pearls, imitation, reconstructed or synthetic stones	32%
Pressure sprayers	22%
Pretzels	12%
Price lists	22%

GENERAL DESCRIPTION	RATE
Printer ink cartridges	22%
Printers - computer	22%
Pumps - water supply & sewerage (not chemical sanitary)	Exempt
Purses	22%
Puddings	Exempt
Putties	Exempt
Puzzles	22%
Q	
Quadruped walking aids	Exempt
Quilts	12%
R	
Racking (not household furniture)	22%
Radios, CD players, portable radio cassettes	22%
Railway locomotives & rolling stock	22%
Rattles	22%
Rawlplugs	Exempt
Razors, blades, cartridges & shaving creams	22%
Records	22%
Refrigerators (household)	12%
Religious images, pictures & statues	Exempt
Ribbons - cloth	12%
Rice, rice milk & rice cakes	Exempt
Ring binders	22%
Rings - dress, engagement, friendship, toy	32%
Rings - wedding	Exempt
Rivets	Exempt
Rods - metal	Exempt
Rolling pins	12%
Roof trusses	Exempt
Roof ventilators	Exempt
Roofing sheets	Exempt

GENERAL DESCRIPTION	RATE
Ropes, string & adhesive tape	22%
Rubber bands	22%
Rubber gloves	Exempt
Rubbish bins (household)	12%
Rugs - floor	12%
Rulers	22%
S	
Saddlery & harness	22%
Safes	22%
Salad bowls	12%
Salad dressing	Exempt
Salami	Exempt
Salt & pepper	Exempt
Sand, clay, soil, stone	Exempt
Sandwich makers	12%
Sandwiches	Exempt
Sanitary napkins	Exempt
Sardines	Exempt
Satchels	22%
Saucepans	12%
Saucers	12%
Sauces - barbecue, chilli, tomato, etc	Exempt
Sausages & sausage rolls	Exempt
Savoury snacks	12%
Saw horses	22%
Sawdust	Exempt
Scaffolding	22%
Scales - bathroom	22%
Scales - kitchen	12%
School uniforms	Exempt
Scissors - general purpose, embroidery, hairdressing	22%

GENERAL DESCRIPTION	RATE
Scissors - surgical	Exempt
Scourers	12%
Screen doors	Exempt
Screws - galvanised timber, plasterboard, roofing	Exempt
Sculpting clay (natural)	Exempt
Sculpting tools	22%
Sealants (building)	Exempt
Seashell	Exempt
Seasoning	Exempt
Security doors & grills	Exempt
Seedlings	Exempt
Septic tanks	12%
Serviettes	12%
Sewing machines (household)	12%
Sewing thread	Exempt
Shade cloth	Exempt
Shampoos & conditioners	22%
Sharpeners	22%
Sharpeners - cutlery	12%
Shavers, shaving cream, foam & gel	22%
Shears - kitchen	12%
Shears - pruning	22%
Sheds - ready to assemble	Exempt
Sheet - metal	Exempt
Sheets, pillow cases & blankets	12%
Shelving (household furniture)	12%
Ships	22%
Shoes & shoelaces	Exempt
Shoe cleaners	22%
Shortbread	12%
Shovels	22%

GENERAL DESCRIPTION	RATE
Shower seats	Exempt
Shower curtains & screens	12%
Sideboards	12%
Sink tidies	12%
Sinks	12%
Skates, skateboards	22%
Skates (attached to boots)	Exempt
Skewers	12%
Skin care creams & lotions	22%
Skipping ropes	22%
Skylights	Exempt
Slabs - metal	Exempt
Sleepers (building)	Exempt
Sleeping bags	12%
Slot machines	22%
Smoke detectors	Exempt
Soaps & shampoos	22%
Socks, stockings & pantihose	Exempt
Sofa & lounge chairs	12%
Soft drinks	22%
Solar energy panels & collectors	Exempt
Soil	Exempt
Soups	Exempt
Soy milk	Exempt
Spa baths	22%
Sparklers	22%
Speakers - audio	22%
Spectacles	Exempt
Spice racks	12%
Spirits - brandy, rum, whisky, etc	37%
Sponges & dishcloths	12%

GENERAL DESCRIPTION	RATE
Spoons	12%
Sporting equipment	22%
Sprayers	22%
Sprinklers	22%
Stamps (not postage)	22%
Staplers	22%
Stationery	22%
Stencils	22%
Stereos	22%
Sterilising solutions	22%
Stickers	22%
Sticky tapes	22%
Stock cubes & powder	Exempt
Stone including synthetic stone	Exempt
Stools	12%
Storage boxes (furniture)	12%
Storage jars for food	12%
Stormwater pipe fittings	Exempt
Stoves, cook-tops & wall ovens (household)	12%
Strainers (household)	12%
Straws	12%
Streamers	22%
Street directories	12%
Strip - metal	Exempt
Stubby coolers	12%
Sugar	Exempt
Sugar soap	22%
Sunglasses	22%
Sunscreens - SPF 15+	Exempt
Super glue	22%
Surfboards	22%

GENERAL DESCRIPTION	RATE
Swimming goggles & divers' masks	22%
Swings	22%
Switchboards	Exempt
Sweeteners	Exempt
Sweets	12%
Sympathy cards	22%
Syrups & treacles	Exempt
T	
Tablecloths & napkins	12%
Tables & chairs (household)	12%
Taco shells	Exempt
Talcum powder	22%
Tampons	Exempt
Tanks	22%
Tanning lotion	22%
Tape recorders	22%
Tapes - electrical, masking, packaging & sticky	22%
Tapes - measuring	22%
Taps & tapware	Exempt
Tea & tea bags, herbal teas	Exempt
Tea - iced	22%
Tea towels	12%
Telephones incl mobiles & accessories	22%
Telephone cable	22%
Televisions, antennae & fittings	22%
Tents & tarpaulins	22%
Thermometers - medical	Exempt
Thongs	Exempt
Tickets	22%
Tie pins	22%
Tiles - ceramic, marble, mirror, roof	Exempt

GENERAL DESCRIPTION	RATE
Tiles - carpet, cork, vinyl	12%
Timber	Exempt
Tinned foods - baked beans, fish, fruits, soups etc	Exempt
Tissues	22%
Toasters	12%
Tobacco	Exempt
Tobacco papers	22%
Togs	Exempt
Toilet paper	22%
Toiletries incl shampoos, toothpaste, cosmetics	22%
Toilets & seats	12%
Tombstones	Exempt
Tool kits	22%
Tools	22%
Tooth powders	22%
Toothbrushes	Exempt
Toothpaste	22%
Toothpicks	22%
Toppings	Exempt
Torches	12%
Towel rails	12%
Towels & washers	12%
Toys	22%
Tractors	22%
Trailers - boat, box, dog, dolly, semi etc	22%
Trampolines	22%
Trigger sprayers	22%
Trimmers	22%
Trophies	22%
Trucks	22%
Turpentine	Exempt

GENERAL DESCRIPTION	RATE
Tweezers	22%
Twine	22%
Twist ties	12%
Typewriters, incl electric	22%
Tyres	22%
U	
Umbrellas	22%
Underlay sheets	Exempt
Underwear	Exempt
Utensils - kitchen	12%
V	
Vacuum cleaners & carpet sweepers (household)	12%
Vacuum flasks	12%
Vanity basins	12%
Vanity units	12%
Vanity units made wholly of timber	Exempt
Varnish, for floors	Exempt
Vases	12%
Vegemite & other spreads	Exempt
Vegetable grading, sorting & cleansing machines	Exempt
Vegetables - fresh, frozen, tinned	Exempt
Vending machines	22%
Vices (bench)	22%
Video cameras	22%
Video cassettes, blank & pre-recorded	22%
Video games (carrying medium only)	22%
Video & DVD players	22%
Vinegar & other condiments	Exempt
Vitamin & mineral tablets	Exempt
W	
Wafers	12%

GENERAL DESCRIPTION	RATE
Walking sticks	Exempt
Wall planners	22%
Wallets	22%
Wallpaper	Exempt
Wardrobes - freestanding (household)	12%
Warehouse shelving	22%
Washers	Exempt
Washing fabric softeners, powder, bleaches etc	22%
Washing machines (household)	12%
Washing-up liquids	22%
Wastepaper baskets & bins	22%
Watches & watch bands	22%
Water (not manufactured beverages or toilet water)	Exempt
Water boring plant & equipment	Exempt
Water slides	22%
Water tanks & stands	Exempt
Waterbeds	12%
Watering cans	22%
Watering systems (not incl timers or hoses)	Exempt
Weatherboards	Exempt
Wedding rings	Exempt
Weed killers	22%
Weeding wands	22%
Welding & brazing electrodes, rods and wire	Exempt
Wheelchairs	Exempt
Wheel barrows	22%
Wheel nuts	22%
Wheels	22%
Whipper snippers	22%

GENERAL DESCRIPTION	RATE
Whistles	22%
Whiteboards & dusters	22%
Winches	22%
Wind chimes	22%
Window cleaner	22%
Window locks	Exempt
Windows, shutters, frames, louvres & fittings	Exempt
Wine, cider and similar beverages	41%
Wine, cider and similar beverages (containing not more than 1.15% by volume of ethyl alcohol)	12%
Wipes	12%
Wire - metal	Exempt
Wire netting & barbed wire	Exempt
Woks	12%
Work benches	22%
Work boots & gloves	Exempt
Works of art	Exempt
Wrapping paper	22%
Wrapping ribbons	22%
Wreaths	Exempt
Y	
Yachts	22%
Yarns & threads	Exempt
Yeast	Exempt
Yoghurt	Exempt
Yoyos	22%
Z	
Zinc cream	Exempt

Calculation summary for the special credit

Total WST credit claimed at label 1G on the Business Activity Statement:

Appendix C

Calculation summary for the Average WST rate

Week	Exempt	12%		22%		32%		Totals
		WST-incl	WST-excl	WST-incl	WST-excl	WST-incl	WST-excl	
1		\$	\$	\$	\$	\$	\$	\$
2								
3								
4								
5								
6								
<i>(Process 1)</i>								
Totals								
<i>(Process 2)</i>								
WST rate			X		X		X	
<i>(Process 3 rate)</i>			12%		22%		32%	
WST on WST-excl								
<i>(Process 3)</i>								
Totals (incl WST)								
<i>(Process 4)</i>								
WST ratio		X	X	X	X	X	X	
<i>(Process 5 ratio)</i>		12/112	12/112	22/122	22/122	32/132	32/132	
WST paid								
<i>(Process 5)</i>								
Average WST rate								
<i>(Process 6)</i>								
Goods on hand at 1 July 2000								
Special credit (Goods on hand X Average WST rate)								