GSTR 2000/13 - Goods and services tax: accounting on a cash basis

This cover sheet is provided for information only. It does not form part of *GSTR 2000/13 - Goods and services tax: accounting on a cash basis*

This document has changed over time. This is a consolidated version of the ruling which was published on *11 September 2013*

Generated on: 25 November 2026, 03:58:59 AM

Goods and Services Tax Ruling

Goods and services tax: accounting on a cash basis

Contents Para

What this Ruling is about 1
Date of effect 9
Background 10
Ruling 20
Explanations (this forms part of the ruling) 43
Detailed contents list 82

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.]*

What this Ruling is about

1. This Ruling explains when you can choose to account for the Goods and Services Tax ('GST') on a cash basis under section 29-40 of *A New Tax System (Goods and Services Tax) Act 1999* (the 'GST Act'). All legislative references are to the GST Act unless otherwise stated.

2. Under section 29-45, the Commissioner may permit you to account for GST on a cash basis in certain circumstances. This Ruling sets out the factors that the Commissioner will take into account in determining whether it is appropriate to permit you to account on a cash basis under this section.

3. This Ruling also explains when you have to cease to account on a cash basis under subsection 29-50(1).

4. This Ruling provides guidelines on the application of subsection 29-50(3) and the factors that the Commissioner will take into account in determining when it is no longer appropriate to permit you to account on a cash basis.

5. This Ruling considers the application of Division 159 when you change your accounting basis.

6. This Ruling also sets out the provisions of the *Taxation Administration Act 1953* under which the decisions of the Commissioner regarding the use of the cash basis are reviewable.

7. This Ruling does not address any issues regarding:

- branching;
- grouping;
- tax periods – including substituted accounting periods; and
- periodic and progressive payments.

8. This Ruling does not explain the treatment of various payment instruments which may be used under the cash basis of accounting. We will issue a further Ruling clarifying the treatment of payment instruments under the cash basis of accounting for GST purposes.

Date of effect

9. This Ruling explains the Commissioner's view of the law as it applied from 8 July 1999 (the date of Royal Assent to the *A New Tax System (Goods and Services Tax) Act 1999* (subject to the following notes). You can rely upon this Ruling on and from its date of issue for the purposes of former section 105-60 or section 357-60 of Schedule 1 to the *Taxation Administration Act 1953* (as applicable).

Note 1: The Addendum to this Ruling that issued on 12 September 2007 explains our view of the law as it applied from 1 July 2007. You can rely upon the Addendum on and from its date of issue for the purposes of former section 105-60 or section 357-60 of Schedule 1 to the *Taxation Administration Act 1953* (as applicable).

Note 2: The Addendum to this Ruling that issued on 29 February 2012 explains our view of the law as it applied from 1 January 2005. You can rely upon the Addendum on and from its date of issue for the purposes of former section 105-60 or section 357-60 of Schedule 1 to the *Taxation Administration Act 1953* (as applicable).

Note 3: The Addendum to this Ruling that issued on 31 October 2012 explains our view of the law as it applied from 1 July 2010. You can rely upon the Addendum on and from its date of issue for the purposes of former section 105-60 or section 357-60 of Schedule 1 to the *Taxation Administration Act 1953* (as applicable).

Note 4: The Addendum to this Ruling that issued on 11 September 2013 applies both before and after its date of issue. You can rely upon this Addendum on and from its date of issue for the purpose of section 357-60 of Schedule 1 to the *Taxation Administration Act 1953.*

If the addenda conflict with a previous private ruling that you have obtained or a previous public ruling, the relevant Addendum prevails. However, if you have relied on a previous ruling (including the public ruling that the addenda amends), you are protected in respect of what you have done up to the date of issue of the addenda or, if there is a change to the legislation, you are protected in respect of what you have done up to the date the legislative change takes effect. This means that if you have relied on the previous ruling and have underpaid an amount of GST, you are not liable for the shortfall prior to either the issue date of the relevant Addendum or the date the legislative change takes effect, as appropriate. Similarly, if you have relied on the previous ruling you are not liable to repay an amount overpaid by the Commissioner as a refund.

Background

10. In this Ruling, any reference to 'you' is a reference to the entity seeking to account on a cash basis[1] e.g., an individual, a company, a body corporate, a partnership, a trust, or a superannuation fund.[2]

11. The examples used throughout the Ruling are illustrative of the application of the guidelines used by the Commissioner to determine when it is appropriate to permit you to account on a cash basis.

Accounting for GST on a cash basis

Taxable Supplies

12. If you account for GST on a cash basis, you attribute GST payable on a taxable supply to the tax period in which you receive

[1] Section 195-1.
[2] Division 184.

consideration for the supply, but only to the extent that the consideration is received in that tax period.[3]

Creditable acquisitions

13. If you account for GST on a cash basis, you attribute the input tax credit for a creditable acquisition to the tax period in which you provide consideration for that acquisition, but only to the extent that you provided the consideration in that tax period.[4]

If you do not account for GST on a cash basis

Taxable supplies

14. If you do not account for GST on a cash basis, you attribute all the GST payable on a taxable supply to the earlier of the tax period in which:

- any of the consideration for the supply is received; or
- an invoice for the supply is issued.[5]

This means you may have to account for GST payable on a supply before actually receiving payment for the supply.

Creditable acquisitions

15. If you do not account for GST on a cash basis, you attribute all the input tax credit for an acquisition to the earlier of the tax period in which:

- you provide any of the consideration; or
- an invoice is issued for the acquisition.[6]

This means you may be entitled to input tax credits before actually paying for the acquisition.

Consideration

16. Consideration means any consideration within the meaning given by sections 9-15 and 9-17. Consideration may take various forms which can include currency, cheques and credit cards.

---

[3] Subsection 29-5(2).
[4] Subsection 29-10(2).
[5] Subsection 29-5(1).
[6] Subsection 29-10(1).

Registration

17. Registration is essential to enable you to charge GST on any taxable supplies that you make and to claim input tax credits in relation to any creditable acquisitions

18. The requirements for registration are contained in Division 23. You are required to be registered for GST purposes if:[7]

(a) you are carrying on an enterprise; and

(b) your GST turnover meets the registration turnover threshold.[8]

19. You may be registered for GST purposes if:[9]

(a) you are carrying on an enterprise (whether or not your GST turnover meets the registration turnover threshold); or

(b) you intend to carry on an enterprise from a particular date.

Ruling

Choosing to account on a cash basis

20. You are able to **choose** to account on a cash basis under subsection 29-40(1) if either:

(a) you are a ***small business entity*** (other than because of section 328-110(4) of the *Income Tax Assessment Act 1997* (ITAA 1997)) for the income year in which you make your choice;[9A] or

(b) you do not carry on a business and your GST turnover does not exceed the cash accounting turnover threshold of $2 million;[10] or

(c) for income tax purposes you correctly account for your income using the receipts method; or

(d) each of the enterprises that you carry on is an enterprise of a kind that the Commissioner determines, in writing,

---

7 Section 23-5.

8 Your registration turnover threshold is $150,000 if you are a non-profit body and $75,000 if you are not a non-profit body.

9 Section 23-10.

9A ***Small business entity*** is defined in section 328-110 of the ITAA 1997.

10 You work out whether your GST turnover does not exceed the cash accounting turnover threshold by looking at your current GST turnover and your projected GST turnover. Your GST turnover is the total value of supplies (excluding certain supplies) you make in the course of your enterprise (see Division 188).

> to be a kind of enterprise in respect of which a choice to account on a cash basis may be made under paragraph 29-40(1)(c).[10A]

21. This means that you could have the situation where an entity accounts for GST on a cash basis and for income tax purposes on a non-cash basis.

22. If you make the choice to account on a cash basis, you must start to account on a cash basis from the first day of the tax period you choose. If you change your basis of accounting for GST, you need to consider the application of Division 159 (see paragraphs 40 to 41).

Determination made by the Commissioner under paragraph 29-40(1)(c)

23. The Commissioner may make a determination of the kind of enterprise that will be able to account for GST on a cash basis where the entity is not a small business entity in the relevant income year, or the entity is not carrying on a business and its GST turnover is more than the cash accounting turnover threshold. The determination will cover enterprises belonging to a certain class, kind, or type.

24. In order to be able to account on a cash basis under the Commissioner's determination, your enterprise must have the essential characteristics of the class of enterprise identified in the determination.

Entity with multiple enterprises

25. If an entity carries on a number of enterprises, the entity is not allowed to account for the different parts of supplies or creditable acquisitions using a different accounting method for each enterprise. All enterprises of the entity must account on the same basis**.**

Example

26. Basil's Books Pty Ltd is registered for GST purposes. Basil's Books' income comes from a number of enterprises. These enterprises generate bookshop income, subscription income, property income and advertising income. Basil's Books is not able to account for subscription income on a cash basis and all other income on a non-cash basis.

[10A] You may also account on a cash basis if you meet the requirements of Division 157 of the GST Act.

Permission to account on a cash basis

27. If you do not satisfy the requirements set out in paragraph 20 above, you cannot choose to account for GST on a cash basis.

28. However, under subsection 29-45(1), you can apply in the approved form to the Commissioner for **permission** to account for GST on a cash basis (see paragraph 31 for details of the approved form). The Commissioner must then be satisfied that it is appropriate to permit you to account on a cash basis.

29. The factors which the Commissioner must consider when making this decision are:

- the nature and size of the enterprise that you carry on; and
- the nature of the accounting system that you use.

30. You do not need to apply for permission to account on a cash basis if you satisfy the requirements under section 29-40 and are able to choose to account on a cash basis.

31. For the purposes of applying to the Commissioner for permission to account on a cash basis, an application is in the 'approved form'[11] if the application:

- is in writing;
- provides details about the nature and size of each of your enterprises and the nature of your accounting system which makes it appropriate for you to account on a cash basis; and
- is signed by the person with the legal authority to represent you.

32. Based on the information provided in the application, the Commissioner will determine whether it is appropriate to permit you to account on a cash basis. This decision will depend on the particular facts and circumstances of each case.

Hybrid method of accounting

33. A hybrid method of accounting permitted in some other countries, such as New Zealand, is not allowed. The GST Act does not allow you to account for your supplies and creditable acquisitions using different accounting methods.

---

[11] Section 195-1 provides that 'approved form' has the meaning given by section 388-50 in Schedule 1 to the *Taxation Administration Act 1953*.

Ceasing to account on a cash basis

34. You cease to account on a cash basis where:[12]

- in a case to which paragraph 29-40(1)(a) applied – you are not a small business entity of the kind referred to in that paragraph for an income year and you do not have permission to account on a cash basis; or
- in a case to which paragraph 29-40(1)(ab) applied – you do not meet the requirements of that paragraph[13] and you do not have permission to account on a cash basis; or
- you notify the Commissioner, in the approved form, that you are ceasing to account on a cash basis.

35. For the purposes of notifying the Commissioner, a notification is in the approved form if the notification is in writing and is signed by the person with the legal authority to represent you.

36. The Commissioner must revoke any permission you have to account on a cash basis if the Commissioner is satisfied that:[14]

- either:[15]
  - you carry on a business but you are not a small business entity (other than because of subsection 328-110(4) of the ITAA 1997) for an income year; or
  - you do not carry on a business and your GST turnover meets the cash accounting turnover threshold; and
- it is not appropriate to permit you to account on a cash basis.

37. The Commissioner must notify you in writing of his or her decision to revoke any permission for you to account on a cash basis. The notice must specify the date of effect of the revocation, which can be the first day of any tax period starting before, on or after the day on which the Commissioner makes the decision. This date will usually be the first day of an accounting period.

38. In deciding whether it is **not appropriate** for you to account on a cash basis the Commissioner will take into consideration the

---

[12] Subsection 29-50(1).

[13] The requirements of paragraph 29-40(1)(ab) are that you do not carry on a business and your GST turnover does not exceed the cash accounting turnover threshold.

[14] Subsection 29-50(3).

[15] [Omitted]

same factors as in deciding if it is appropriate for you to account on a cash basis. These factors are:

- the nature and size of the enterprise that you carry on; and
- the nature of the accounting system that you use.

39. The choice available to a charitable institution, trustee of a charitable fund, gift-deductible entity or any government school to account on a cash basis is not restricted as it is for other entities, but other restrictions may apply.[16]

Changing your accounting basis

Special Provisions – Division 159

40. If you effect a change in your accounting basis, there will be some supplies or creditable acquisitions that will be attributed twice (where you start to account on a cash basis), and other supplies and creditable acquisitions that will not be attributed at all (where you cease to account on a cash basis).

41. However, Division 159 deals with these situations and provides rules to determine the tax period to which supplies or creditable acquisitions should be attributed.

Reviewable decisions

42. The following decisions of the Commissioner in relation to the use of the cash basis of accounting for GST are reviewable under subsection 62(2) of the *Taxation Administration Act 1953*:

- Item 15 - refusing to permit you to account on a cash basis under subsection 29-45(1);
- Item 16 – deciding the date of effect of your permission to account on a cash basis under subsection 29-45(2);
- Item 17 – revoking your permission to account on a cash basis under subsection 29-50(3); and
- Item 18 - deciding the date of effect of the revocation of your permission to account on a cash basis under subsection 29-50(4).

[16] Refer Division 157.

Explanations (this forms part of the ruling)

Choosing to account on a cash basis

43. Unlike the *Income Tax Assessment Acts 1936* and *1997*, the GST Act specifically sets out when you can account on a cash basis. You can choose to account on a cash basis under paragraph 29-40(1)(a) or paragraph 29-40(1)(ab) if either (respectively):

- you are a small business entity (other than because of subsection 328-110(4) of the ITAA 1997) for the income year in which you make your choice; or
- you do not carry on a business and your GST turnover (from all enterprises that you carry on) does not exceed the cash accounting turnover threshold.

44. [Omitted]

45. You are also able to choose to account on a cash basis under paragraph 29-40(1)(b) where you account for income tax purposes using the receipts basis. Taxation Ruling TR 98/1 sets out when you can account for income tax purposes on a receipts basis.

46. You are also able to choose to account on a cash basis under paragraph 29-40(1)(c). However you can only choose where each of the enterprises you carry on is of a kind determined by the Commissioner to be a kind of enterprise which may account on a cash basis.

Determination made by the Commissioner under paragraph 29-40(1)(c)

47. The Commissioner, when making a determination under this paragraph, will take into account the same factors as those set out in paragraphs 51 to 76.

48. It is envisaged that any representations made to the Commissioner to make a determination would be by an industry group or body representing its members.

Example

49. If the Commissioner makes a determination that Industrial Trade Unions are enterprises of a kind which can account on a cash basis, then an Industrial Trade Union would be able to choose to account for GST purposes using the cash basis.

Permission to account on a cash basis

50. Where you are not able to choose to account on a cash basis under section 29-40, you may apply to the Commissioner for permission to account on a cash basis under section 29-45. We set out below, matters we will consider in having regard to the 'nature' and 'size' of an enterprise and the 'nature' of the accounting system for the purposes of paragraph 29-45(1)(b).

The nature of the enterprise

51. The nature of the enterprise means a combination of qualities belonging to an enterprise. In determining the nature of the enterprise we will, amongst other things, consider the following factors:

- whether the supplies are on a cash or credit basis;
- value and volume of the supplies;
- reliance on circulating capital or consumables;
- capital items used; and
- credit policy and debt recovery policy.

Whether the supplies are on a cash or credit basis

52. This criterion distinguishes between sales made for cash or on credit. When the vast majority of sales are made for cash then the cash basis may apply e.g., a men's hairdresser, convenience store, or hot bread shop.

53. [Omitted]

54. The New Zealand case *TRA Case K24* (1988) 10 NZTC 236 confirms this stance. Dixon J[17] and Barber DJ[18] have also both stated that a high cash turnover is merely one indicator of an entity that is likely to account on a cash basis.

The value and volume of supplies

55. An entity may make sales on a cash basis, for example where supplies are of a high volume but of low value. On the other hand, an entity engaged in selling a lower volume of higher value supplies is

---

[17] Commissioner of Taxes (SA) v. Executor Trustee and Agency Co of South Australia Ltd (1938) 63 CLR 108 ('Carden's case').

[18] See TRA K24 (1988) 10 NZTC 236 at 239.

most likely to be making credit sales, and thus it would be less appropriate to account on a cash basis.[19]

Example

56. E.R.I.C. Metals Pty Ltd is carrying on a business of joinery manufacturing, but is not a small business entity.[19A] There is a high volume of joinery goods, including aluminium products. The value of the supplies is set at an average unit price for this type of business. A minority of supplies are for very substantial sums. It would not be appropriate to use the cash basis of accounting.[20]

57. Generally the supplies of an entity which accounts on a cash basis will be of low value. For example, an ice cream vendor, a milk or paper run. The appropriate method for an entity with high value supplies may be a non-cash basis.[21]

Example

58. Brooks is carrying on a business of plastic goods manufacturing, but is not a small business entity. The supplies are plastic cups, plates, spoons, margarine containers, ice cream containers etc. There is a high volume of these goods produced and the value of the supplies is low. The cash basis may be an appropriate accounting method.

Circulating capital and consumables[22]

59. The cash basis of accounting would be more appropriate in circumstances where an entity does not rely on its circulating capital or consumables to produce supplies.[23] Such an entity normally has a less complex structure as compared to one more heavily dependent upon its circulating capital or consumables.[24]

60. Where an entity relies, to a significant extent, on circulating capital or consumables to produce supplies it is likely that the entity should use the non-cash basis of accounting for GST.

---

[19] See TRA Case K24 (1988) 10 NZTC 236.
[19A] Under section 328-110 of the ITAA 1997.
[20] For a similar fact situation, see TRA Case J65 (1987) 9 NZTC 1,390.
[21] See TRA Case K24 (1988) 10 NZTC 236.
[22] See Taxation Ruling TR 98/1 paragraphs 54 and 55.
[23] See Taxation Ruling TR 98/1 paragraphs 54 and 55.
[24] See Barratt & Ors v. FC of T 92 ATC 4275; (1992) 23 ATR 339.

Example

61. Barry's Spares and Repairs Pty Ltd carries on a business but is not a small business entity. It maintains a large stock of spare parts for sale and also provides a motor vehicle repair and maintenance service where parts are drawn from the stock of spare parts. As Barry's Spares and Repairs relies on circulating capital and consumables to produce supplies, the cash basis would not be the more appropriate method of accounting.

Capital items[25]

62. The reliance placed by an entity on the use of capital items, such as plant and machinery, to produce supplies is relevant. The greater the reliance, the greater the likelihood that it would not be appropriate to use the cash basis of accounting.

Example

63. Rene's Hire Pty Ltd is not a small business entity, and has a huge range of tools, equipment and trucks for tradesmen, contractors, industry and handymen to hire. Supplies consist entirely of hire of these capital items. Here it would not be appropriate to use the cash basis of accounting, as Rene's Hire relies heavily upon capital items to provide supplies.

Example

64. Kate owns and hires out a backhoe and is not a small business entity. The business rents the backhoe out at a fixed rate per hour. The rate is for the backhoe and Kate's labour. The business never rents the backhoe out separately. Here it may be more appropriate to use the cash basis of accounting as supplies are comprised of Kate's labour and use of some capital (backhoe) and consumables (tyres, and petrol).

[25] See Barratt & Ors v. FC of T 92 ATC 4275; (1992) 23 ATR 339.

Example

65. Michael's Driving School owns a number of vehicles which are used for driving lessons and is not a small business entity. Lessons are at a set rate per hour. The learner driver can choose to use either the driving school vehicle or his/her own vehicle for lessons. The driving school never rents the vehicles out separately. Here it may be more appropriate to use the cash basis of accounting as the supply of the driving instructor's labour is the major component, with some use of capital (vehicles) and consumables (tyres and petrol etc).

Credit policy and debt recovery[26]

66. If an entity has formal procedures for extending credit and collecting debts, the cash basis is not likely to be the more appropriate accounting method. Generally the cash basis would be more appropriate in circumstances where an entity does not usually provide credit, and the likelihood of debt recovery is low.

Example

67. Adam conducts his own dental practice and is not a small business entity. Adam employs another qualified dentist, Tim, two full time dental assistants and one full time receptionist/secretary. While Adam requests patients to pay at the time of each consultation, he regularly allows credit to patients and sends a reminder of the amount outstanding where necessary. After a debt has been outstanding for six months Adam places the debt with a debt collection agency.

68. As there are formal procedures for extending credit and collecting debts, it would not be appropriate for Adam to account on the cash basis.

Size of the enterprise[27]

69. When considering the size of the enterprise we will take into consideration the following factors:

- whether the enterprise has a large number of employees;
- whether the enterprise has large overheads; and
- whether the enterprise possesses a large amount of trading stock.

---

[26] See Taxation Ruling TR 98/1 paragraph 57.
[27] See Henderson v. FC of T (1970) 1 ATR 596; 119 CLR 612; 70 ATC 4016.

70. The larger the number of employees, the amount of the overheads and trading stock, the greater the complexity of the business structure indicating that the cash basis may not be appropriate.

Example

71. Hildegard's Motel is a family operated business and is not a small business entity. There are ten self contained units and a restaurant in the complex located in a popular tourist destination. The only employees are family members. Considering that the overheads are unlikely to be high, and there is minimal trading stock, the cash basis of accounting may be appropriate.

Nature of the accounting system

72. The *Australian Auditing Standards*[28] refer to an accounting system as comprising the methods and records established to identify, assemble, analyse, calculate, classify, record and report the transaction, and other events that affect an entity, and to maintain accountability for assets, liabilities, revenues and expenditures.

73. Taxation Ruling TR 98/1 states that when accounting for income, a method of accounting is appropriate if it gives a 'substantially correct reflex' of that income. This is the principle established in *Carden's case* and it is equally relevant here.

74. We will look at the following features of an accounting system in determining its relevance to the use of the cash basis of accounting for GST:

- books of account, and the manner in which they are kept for the day-to-day operations of the business;[29]
- appropriateness of the accounting method used;[30]
- its ability to readily provide lists of creditors and debtors;[31]
- applicable accounting principles and commercial practice;[32] and
- Accounting Standards AAS 6[33] and AASB 101,[33A] which require companies to use the accrual basis.

---

[28] ASCPA Members Handbook, December 1999 edition.
[29] See Taxation Ruling TR 98/1 paragraphs 58 and 59.
[30] See Henderson v. FC of T (1970) 1 ATR 596; 119 CLR 612; 70 ATC 4016.
[31] See TRA Case K24 (1988) 10 NZTC 236.
[32] See Carden's case.

Example[34]

75. Brett & Partners Engineering Consultants Pty Ltd is a private company, which carries on an engineering consulting business, but is not a small business entity. The company operates a basic manual accounting system. It costs work at least quarterly and invoices clients accordingly. At the end of a month the company makes a record of the unpaid invoices and those paid during that month. Although, there is no creditors ledger the company can obtain this information by, for example, maintaining a separate folder of unpaid invoices.

76. The cash basis of accounting would not be appropriate as invoices are rendered on a regular basis and its basic manual accounting system has the capacity to obtain information on its creditors and debtors readily.

Timing Issue

77. Where the principal reason given for wanting to use the cash basis of accounting is that you face a timing disadvantage under a non-cash basis, this is not of itself a sufficient reason to permit you to use the cash basis of accounting for GST.

Example

78. Bart and Lisa have an entity with a sales turnover of around $10 million per annum and that is not a small business entity. The entity uses the accruals basis to account for income tax purposes.

79. Bart and Lisa write to the Commissioner seeking permission for the entity to account for GST on a cash basis. Their principal argument is that the entity will suffer a significant timing disadvantage if forced to account on a non-cash basis. This, they reason, is due to the entity's debtors paying on 90 day terms whilst the entity's creditors have to be paid within 30 days. Little information is otherwise provided about the entity.

80. Based on this information it would not be appropriate to permit the entity to account on a cash basis of accounting for GST.

---

[33] Accounting Policies, March 1999.
[33A] Presentation of Financial Statements.

[34] See TRA Case J62 (1987) 9 NZTC 1,374.

Notification of Decision

81. Subsection 29-45(2) states that the Commissioner must notify you in writing of any decision made in relation to you under this section. If you are given permission to account on a cash basis, you must use the cash basis of accounting from the date of effect specified by the Commissioner. This date will always be the first day of an accounting period.

Detailed contents list

82. Below is a detailed contents list for this Ruling:

	Paragraph
What this Ruling is about	**1**
Date of effect	**9**
Background	**10**
Accounting for GST on a cash basis	12
Taxable Supplies	12
Creditable acquisitions	13
If you do not account for GST on a cash basis	14
Taxable supplies	14
Creditable acquisitions	15
Consideration	16
Registration	17
Ruling	**20**
Choosing to account on a cash basis	20
Determination made by the Commissioner under paragraph 29-40(1)(c)	23
Entity with multiple enterprises	25
Example	26
Permission to account on a cash basis	27
Hybrid method of accounting	33
Ceasing to account on a cash basis	34
Changing your accounting basis	40
Special Provisions – Division 159	40
Reviewable decisions	42
Explanations (this forms part of the ruling)	**43**

Choosing to account on a cash basis 43
Determination made by the Commissioner under paragraph 29-40(1)(c) 47
Example 49
Permission to account on a cash basis 50
The nature of the enterprise 51
Whether the supplies are on a cash or credit basis 52
The value and volume of supplies 55
Example 56
Example 58
Circulating capital and consumables 59
Example 61
Capital items 62
Example 63
Example 64
Example 65
Credit policy and debt recovery 66
Example 67
Size of the enterprise 69
Example 71
Nature of the accounting system 72
Example 75
Timing Issue 77
Example 78
Notification of Decision 81
Detailed contents list **82**

Commissioner of Taxation
31 May 2000

Previous draft:
Previously released in draft form as GSTR 2000/D5

Related Rulings/Determinations:
TR 98/1; TR 2006/10

Subject references:

- cash accounting turnover threshold
- cash basis
- creditable acquisition
- current GST turnover
- GST enterprise
- GST turnover
- non-cash basis
- projected GST turnover
- small business entity
- taxable supply

Legislative references:

- ANTS(GST)A99 9-15
- ANTS(GST)A99 9-17
- ANTS(GST)A99 29-5(2)
- ANTS(GST)A99 29-10(2)
- ANTS(GST)A99 29-40
- ANTS(GST)A99 29-40(1)
- ANTS(GST)A99 29-40(1)(a)
- ANTS(GST)A99 29-40(1)(ab)
- ANTS(GST)A99 29-40(1)(b)
- ANTS(GST)A99 29-40(1)(c)
- ANTS(GST)A99 29-40(3)
- ANTS(GST)A99 29-45
- ANTS(GST)A99 29-45(1)
- ANTS(GST)A99 29-45(1)(b)
- ANTS(GST)A99 29-45(2)
- ANTS(GST)A99 29-50(1)
- ANTS(GST)A99 29-50(3)
- ANTS(GST)A99 29-50(4)
- ANTS(GST)A99 29-50(5)
- ANTS(GST)A99 195-1
- ANTS(GST)A99 Div 159
- ANTS(GST)A99 Div 184
- ANTS(GST)A99 Div 188
- ITAA 1997 328-110
- ITAA 1997 328-110(4)
- ITAA 1997 995-1
- TAA 1953 62(2)
- TAA 1953 Sch 1 357-60
- TAA 1953 Sch 1 Div 358
- TAA 1953 Sch 1 388-50

Case references:

- Commissioner of Taxes (SA) v. Executor Trustee and Agency Co of South Australia Ltd (1938) 63 CLR 108 (Carden's case)
- Barratt & Ors v. FC of T 92 ATC 4275; (1992) 23 ATR 339
- Henderson v. FC of T (1970) 1 ATR 596; 119 CLR 612; 70 ATC 4016
- TRA Case K24 (1988) 10 NZTC 236
- TRA Case J65 (1987) 9 NZTC 1,390
- TRA Case J62 (1987) 9 NZTC 1,374

ATO references:
NO 2000/5991
BO
FOI number: I 1020845
ISSN: 1443-5160

© AUSTRALIAN TAXATION OFFICE FOR THE COMMONWEALTH OF AUSTRALIA

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products)