HOW GST WORKS
(GOODS AND SERVICES TAX)

10% on most goods and services sold or consumed in Australia

Importer / Manufacturer ➔ Wholesaler ➔ Retailer / Service Provider ➔ Consumer

- Sells goods and charges GST
- Sells goods and charges GST
- Sells goods or provides services and charges GST

Department of Immigration and Border Protection ➔ ATO ➔ Australian Government

- GST on imported goods
- GST collected less GST paid
- GST collected less GST paid
- GST collected less GST paid

Total GST Collected ➔ Australian Government ➔ States and Territories

- GST collected
- GST collected
- GST collected
- GST collected

Police and Ambulance ➔ Public Transport ➔ Housing ➔ Roads

How GST works:
10% on most goods and services sold or consumed in Australia.
GST Example

Local Wool Farmer
Sells wool to clothing manufacturer for $10 + GST $1

Clothing Manufacturer
Buys from local wool farmer for $10 + GST $1
Sells jumper to retailer for $20 + GST $2 = $22

Retailer
Buys from clothing manufacturer for $20 + GST $2
Sells to consumer for $100 + GST $10

Consumer
Buys from retailer for $100 + GST $10 = $110

ATO
Total value of final sales $110
GST on final sales value ($110 ÷ 11) $10
Total to be remitted to the ATO $10

GST paid $(1)
GST collected $2
Payable to ATO $1

GST paid $(2)
GST collected $10
Payable to ATO $8

GST paid $ -
GST Collected $1
Payable to ATO $1

Total GST received by the ATO $10