GST and Activity Statement

We have learned the registration of GST, GST turnover, its reporting methods, Business Activity Statement and due dates to lodge Monthly AS and Quarterly AS last week. We will see the other taxes to be report in Business Activity Statement (BAS) and Instalment Activity Statement (IAS) today.

Other taxes reported in Business Activity Statement (BAS):

a) **PAYG withholding tax:** The employers need to withhold tax from certain payments made to others. This includes payments:
   - ✓ to employees, company directors and office holders.
   - ✓ to workers under labour-hire agreements
   - ✓ under voluntary agreements
   - ✓ where an Australian business number (ABN) has not been quoted in relation to a supply.

b) **Pay As You Go (PAYG) instalments:** Pay as you go (PAYG) instalments are regular prepayments of the tax on the business and investment income.

If the entity receives an:

- ✓ activity statement, complete and lodge it to report your pay as you go (PAYG) instalment
- ✓ instalment notice, do not need to complete or lodge, unless it wish to vary the amount. The entity can simply pay the amount shown on the notice.
- ✓ Use the ***instalment amount (option 1)*** – the simplest option as to pay the instalment amount that the ATO has calculated on the latest tax return.
- ✓ Use the ***instalment rate (option 2)*** – calculate your PAYG instalment based on the actual income for the instalment period multiplied by a rate set by the ATO.



c) **Fringe Benefits Tax (FBT) instalments (optional):** Fringe benefits tax (FBT) is a tax employers pay on certain benefits provided to the employees, including employees' family or other associates.
The benefits may be in addition to, or part of, salary or wages packages.
FBT is separate from income tax.
If an employer is required to pay FBT of $3,000 or more in the past financial year, then need to lodge BAS and pay quarterly.

d) **Luxury car tax (LCT):** Luxury car tax (LCT) is a 33% tax on cars with value (including GST) above our set threshold. This tax only applies to the portion of the car's value that is above the threshold, not the total value of the car.
LCT is paid by businesses that sell or import luxury cars (dealers), and by individuals who import luxury cars.

e) **Wine equalization tax (WET):** If the entities make wine, import wine into Australia or sell it by wholesale, generally have to account for wine equalization tax (WET).
WET is a tax of 29% of the wholesale value of wine. It is only payable if you are registered or required to be registered for GST.

f) **Fuel tax credits**: Fuel tax credits provide business with a credit for the fuel tax (excise or customs duty) that's included in the price of fuel used in:

i. machinery
ii. plant
iii. equipment
iv. heavy vehicles
v. light vehicles travelling off public roads or on private roads.

The credit amount depends on:

vi. when the fuel acquired
vii. what fuel used
viii. the activity use it in.
ix. Fuel tax credits rates change regularly so it's important to check the rates each time you do your BAS.
x. Before you can make a claim, you must be registered for GST and fuel tax credits.

Some fuels and activities are not eligible including fuel you use in light vehicles of 4.5 tonnes gross vehicle mass (GVM) or less, travelling on public roads.

Click to use FTC calculator - https://www.ato.gov.au/single-page-applications/calculatorsandtools?anchor=FTCCalc#FTCCalc/questions

Instalment Activity Statement (IAS):

This type of BAS is used by businesses that are not registered for GST. It primarily focuses on reporting and paying PAYG instalments and PAYG withholding tax. Like the BAS, the frequency of lodging an IAS depends on the business size.

It is also the form required to be lodged by entities that prepare a quarterly Business Activity Statement, but are required to remit their Pay As You Go (PAYG) withholding tax on a monthly basis because they are a medium withholder.