INTRODUCTION TO GST, BAS & IAS



purpose of having an ABN and ASIC

ABN (Australian Business Number)

- **Purpose:** The ABN is a unique 11-digit identifier issued to businesses by the Australian Taxation Office (ATO).
- It’s used to identify your business to the government and other businesses.
- You need an ABN if you want to:
- Operate a business legally.
- Register for GST (Goods and Services Tax).
- Issue invoices to clients/customers.
- Deal with other businesses and government agencies

ASIC (Australian Securities and Investments Commission)

- **Purpose:** ASIC is the regulatory body that oversees companies, financial markets, and financial services in Australia.

•You interact with ASIC when you:
•Register a company (e.g., Pty Ltd company).
•Need to comply with corporate laws and regulations.
•Want to check or update company details.
•Report financial information if you run a company.
•ASIC ensures companies operate transparently and comply with legal requirements

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How GST Works

- Goods and services tax (GST) is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia..
- Some goods or services do not contain GST and such items are classified as GST-free goods/services

GST Applicability

- If you run a business or other enterprise and have a GST turnover of $75,000 or more ($150,000 or more for non-profit organizations – (Ex - Smith family and WWF), or you provide taxi travel (including ride-sourcing) – you need to:

  a. Register for GST
  b. Work-out taxable sales and purchases/expenses
  c. Issue tax invoices for taxable sales
  d. Claim GST credits for GST included in the price of business purchases
  e. Account for GST
  f. Lodge Activity statements

Taxable Sales



Sale of business assets (e.g. Office equipment, motor vehicles)



Goods or services provided instead of money, such as barter transactions



Payment in the form of refraining from doing something.



Sale of any other goods and supply of services

GST-free Sales



Main GST-free products and services
Ref to: (GST-free Items)



Exports of goods



Sale of a business as a going concern



Cars, car-parts and leasing

Grants and Sponsorship

- If an organization or business is registered for GST, or is required to be, and receives grant funding (e.g., from a government body or private foundation), the organization need not pay GST on the funding payment unless it makes a supply in return for the payment.
  EX - Business Growth Grants (SME), Australian Research Council Grants (University research)
- If an organization or business is registered for GST, or is required to be, and enters a sponsorship arrangement, it is obligated to pay GST.
  Ex- Companies sponsor sports teams, events, or charities (e.g., Telstra sponsoring the AFL, Qantas sponsoring cultural events

Components of BAS

- Your BAS will help you report and pay:
  a. Goods and services tax (GST)
  b. PAYG instalments
  c. PAYG Withholding tax
  d. Other taxes like (WET, Fuel tax credits)

  Note - Apply the 29% WET rate to the sale price of the wine (excluding GST). Wholesale sales | Australian Taxation Office

  Note - Applies to **petrol, diesel, LPG, and other fuels** used for business purposes. (Not applicable to private vehicles) - The **Fuel Tax Credit** is a tax offset that allows eligible businesses to **claim a credit for the fuel tax**

- Report | Fuel tax credit calculator

Date lodged	27 February 2023
Payment due date	28 February 2023

Statement summary

	Description	Reported Value	Owed to ATO	Owed by ATO
Goods and services tax (GST)				
1A	Owed to ATO		$47,726.00	
1B	Owed by ATO			$37,232.00
G1	Total sales	$524,984.00		
	Does this include GST?	Yes		
PAYG tax withheld				
4	Income tax withheld amount		$16,536.00	
W1	Total salary, wages and other payments	$65,069.00		
W2	Amount withheld from total salary, wages and other payments	$16,536.00		
W3	Other amounts withheld	$0.00		
W4	Amount withheld where ABN not quoted	$0.00		
PAYG Income tax instalment				

1A. Owed to ATO (Output Tax) - $47,726

1B. Owed by ATO (Input Tax) - $37,232

W2. PAYGW - $16,536

5A. PAYGI - $19,919

BAS Outcome : $46,949
(1A-1B+W2+5A)

ATO BAS CALCULATION

Components of IAS

- Total salary, wages and other payments
- PAYG Withholding Tax
- PAYG Instalments

ATO IAS CALCULATIONS

In this we have only considered PAYGW of $12,878



Australian Government
Australian Taxation Office

Print activity statement

Account	Period	Document ID
	Apr 2023	

Date lodged 30 May 2023

Payment due date 22 May 2023

Statement summary

Description		Reported Value	Owed to ATO	Owed by ATO
PAYG tax withheld				
4	Income tax withheld amount		$12,878.00	
W1	Total salary, wages and other payments	$48,555.00		
W2	Amount withheld from total salary, wages and other payments	$12,878.00		
W3	Other amounts withheld	$0.00		
W4	Amount withheld where ABN not quoted	$0.00		

Amount owing to ATO

Accounting Methods (GST)

CASH BASIS

- Businesses with an aggregated turnover of less than $10 million can choose to account for their GST using the cash accounting method.
- Not carrying on a business, but your enterprise's GST turnover is $2 million or less.
- Maintaining income tax on a cash basis
- Enterprises following the below nature of operations must opt cash basis regardless of GST turnover.
  a. A government school
  b. An endorsed charitable institution or trustee of an endorsed charitable fund
  c. a gift-deductible entity (unless it operates a fund, authority or institution that can receive tax-deductible gifts or contributions).

ACCRUAL BASIS

- Received any payment or have you issued a tax invoice before receiving payment (for a sale)
- Received the invoice from your supplier before making the payment or made any payment for a purchase.
- A way to track your true financial position – what is owed and what you owe
- Helpful if you are dealing with multiple contracts and large amounts of money

GST Reporting Cycles

- **Quarterly** – if your GST turnover is less than $20 million – and we have not told you that you must report monthly.
- **Monthly** – if your GST turnover is $20 million or more – or you choose to report GST monthly.
- **Annually** – if you are voluntarily registered for GST and your GST turnover is under $75,000 ($150,000 for not-for-profit bodies).

DUE DATES FOR FILING BAS

Quarterly BAS

Due date for each quarter

Quarter	Due date
1. July, August and September	28 October
2. October, November and December	28 February
3. January, February and March	28 April
4. April, May and June	28 July