INTRODUCTION TO GST, BAS & IAS



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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), 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: (https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/gst/when-to-charge-gst-and-when-not-to/gst-free-sales#ato-MainGSTfreeproductsandservices)



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.
- 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.

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)

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 have to 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 you have issued the 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