



Australian Government

Australian Taxation Office

Legislative Instrument

Goods and Services Tax: Simplified GST Accounting Methods Determination (No. 28) 2015

I, James O'Halloran, Deputy Commissioner of Taxation, make this determination under subsection 123-5(1) of the *A New Tax System (Goods and Services Tax) Act 1999*.

James O'Halloran

Deputy Commissioner of Taxation

Dated: 15 September 2015

Name of Determination

1. This determination is the *A New Tax System (Goods and Services Tax) Act 1999 Simplified GST Accounting Methods Determination (No. 28) 2015*.

Commencement

2. This determination commences on the day after registration.

Repeal of previous instrument

3. The following determination is repealed on the commencement of this determination:
 - *A New Tax System (Goods and Services Tax) Act 1999 Simplified GST Accounting Methods Determination (No. 1) 2004* (the previous instrument) - F2005B02065, registered on 26/08/2005 is repealed on the commencement of this determination.

Determination (Who is covered by this Determination)

4. This determination applies to:
 - an entity that was previously determined in the previous instrument as being able to use the simplified accounting method; or
 - an entity that was not determined in the previous instrument, provided it satisfies all the requirements of this instrument.

Classes of entities that may choose to use the simplified accounting method

5. A government entity may choose to use the simplified accounting method specified in clause 6 to calculate its net amount, in so far as the net amount

relates to supplies and acquisitions made through a **sub-entity** of the government entity, if:

- (a) the government entity is a retailer; and
- (b) the government entity is registered; and
- (c) through the sub-entity, the government entity sells both taxable and GST-free food at the same premises in the course or furtherance of carrying on the government entity's enterprise; and
- (d) the sub-entity's main activity is selling food and it mainly sells the food in an unchanged form; and
- (e) the sub-entity's annual turnover would not exceed \$2 million (if it were calculated as though the sub-entity were a separate entity); and
- (f) the sub-entity is located in a prison or other institution where people are lawfully detained; and
- (g) the sub-entity does not have point-of-sale equipment that can:
 - (i) identify and record each separate supply as being GST-free or taxable; and
 - (ii) identify and record the total amount of its GST-free sales and the total amount of its sales.

The government entity's notice of its choice must specify the sub-entities for which the government entity chooses to use the simplified accounting method.

Simplified Accounting Method

6. The simplified accounting method is, in working out the government entity's net amount, either:

- (a) the GST payable by the government entity on the taxable supplies made through each sub-entity to which its choice applies must be estimated using **method A**; or
- (b) the GST payable by the government entity on the taxable supplies made through each sub-entity to which its choice applies, and the government entity's entitlement to input tax credits on creditable acquisitions made through each of those sub-entities, must be estimated using **method B**.

The government entity's notice of its choice must specify whether it chooses to use method A or method B. The government entity may not choose to use method A for some sub-entities and method B for other sub-entities.

Definitions

7. The following expressions are defined for the purposes of this determination:

four-week sample period means any continuous four-week period that occurs between either:

- (a) 1 June - 31 July (to cover the tax periods that begin between the first day of that July and the last day of the following December inclusive); or

- (b) 1 December - 31 January (to cover the tax periods that begin between the first day of that January and the last day of the following June inclusive).

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

method A is:

1. Record the total stock purchases for the sub-entity.
2. Record the total creditable stock purchases for the sub-entity.
3. Divide the total creditable stock purchases (2) by the total stock purchases (1) to calculate the percentage of creditable purchases.
4. Apply this percentage to the total sales made by the sub-entity and then multiply by $1/11^{\text{th}}$ to estimate the GST payable on those sales for the tax period.

method B is:

1. Record your total stock purchases for the sub-entity for a **four-week sample period**.
2. Record your total creditable stock purchases for the sub-entity for the four-week sample period.
3. Divide the total creditable stock purchases (2) by the total stock purchases (1) to calculate the percentage of creditable purchases.
4. Apply this percentage to the total stock purchases by the sub-entity to estimate the creditable purchases for each of the tax periods covered by the four-week sample period and then multiply by $1/11^{\text{th}}$ to estimate the input tax credit entitlement on those purchases for each of those tax periods.
5. Apply the same percentage to the total sales by the sub-entity for each of those tax periods and then multiply by $1/11^{\text{th}}$ to estimate the GST payable on those sales for each of those respective tax periods.

sub-entity of an entity means an organisation that:

- (a) is part of the entity's enterprise(s); and
- (b) is not a separate entity; and
- (c) is not registered; and
- (d) can be separately identified by reference to the nature of the activities carried on through the organisation or the location of the organisation.

8. Other expressions in this determination have the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.