Registration for GST

All entities carrying on an enterprise in Australia with an annual turnover of greater than or equal to $50,000 ($100,000 for non-profit organisations) **must** register for GST. Entities carrying on an enterprise, or intending to carry on an enterprise from a particular date with a turnover of less than $50,000 ($100,000 for non-profit organisations) **may choose** to register for GST.

Entities that are registered or are required to be registered for GST must also have an Australian Business Number (ABN). Entities not required to be registered for GST, can still apply for an ABN.

Only those entities that are registered for GST (either by requirement or choice) may:

- levy GST on their taxable supplies. The GST rate is 10%; and
- claim input tax credits back from the Australian Tax Office (ATO).

The University is registered for GST, and has been issued with an ABN.

Generally any area with a University cost centre/business unit comes under the University tax umbrella (within the tax group) and therefore are registered for GST. However some entities come under the University tax umbrella even though they do not have a University cost centre/business unit as they operate on a separate accounting system and bank account.
Registration for an ABN

All entities that are registered for GST (either by requirement or choice) must have an Australian Business Number (ABN).

Entities who are not registered for GST may choose to apply for an ABN.

Any business or other organisation carrying on an enterprise should quote their ABN in relation to goods or services they supply to another enterprise.

For taxation purposes, enterprise includes:

- Activities undertaken by a charitable institution or by a trustee of a charitable fund;
- A business;
- A service provided to you by a contractor;
- The rent of a commercial property; and
- Most other things in the nature of trade.

But, enterprise does not include an activity carried on:

- As an employee, director, office holder or a labour hire worker; or
- As a private recreational pursuit or hobby.

PAYG Withholding Tax Obligations:

Under pay as you go (PAYG) taxation, businesses/entities receiving an invoice from a supplier, are required to withhold tax from their payments if an ABN is not quoted.

Payments made by the University to entities with an ABN may be made in full without deducting PAYG withholding tax.

Payments made by the University to entities without an ABN must be reduced by PAYG withholding tax (generally at the highest marginal tax rate of 46.5%), unless the supply is excluded from the ABN rule.

The University should not withhold if:

- The total payment to the supplier is $50 or less, excluding any GST;
- The supplier is an individual under 18 years of age, is not an employee, and the payments made to that person does not exceed $120 per week; or
- The supply is wholly input taxed under GST. This includes most financial supplies, supplies of residential rent, and residential premises etc.
The University should also not withhold if it can be satisfied that:

- The supply is made in the supplier’s private capacity, or as their hobby.
- The payment is exempt income for the supplier (for example, the supplier is an income tax exempt charity);
- The payment is to a non-resident who is not carrying on an enterprise in Australia or through an agent in Australia; or
- The supplier is not an enterprise because they have no reasonable expectation of profit or gain.

In this situation, it would be appropriate for the University to get the supplier to complete an ATO ‘Statement by a supplier’ form, which identifies the relevant exclusion from quoting an ABN.

As the University has an ABN, payments made by businesses to the University must not be reduced by PAYG withholding tax of 46.5%. The University’s ABN has been communicated to businesses with whom transactions are entered and it is also displayed on all tax invoices in order to avoid deduction of PAYG withholding tax.

University entities that are grouped for GST purposes with the University, do not incur GST between the University and the GST grouped entity.

**Registration as a Charitable Institution**

The University has been established for the advancement of education/research, and has been endorsed as a charitable institution.

Under Section 38-250 of the ‘A New Tax System (Goods and Services Tax) Act 1999, supplies made by a charitable institution may be deemed as GST free if made for less than either:

- 50% of the market value (75% in the case of accommodation); or
- 75% of the cost of the supplies (accommodation is also 75%)

Commercial activities of charities are taxable.