

# Uniting Church in Australia – Queensland Synod

GST Manual – August 2025



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# 1. Introduction

## 1.1. Disclaimer

This manual has been prepared for The Uniting Church in Australia Property Trust (Q.) (ABN: 25 548 385 225) (“**UCA Property Trust**”) and various related entities (together, “**UCA Group**” and individually, “**UCA Group entities**”). It provides an overview of the Goods and Services Tax (“**GST**”) legislation, and documents UCA Group’s policies and practices on specific issues relating to GST.

This manual should only be used as a guide and is not formal advice. It has been prepared based on information provided by UCA Group. Subsequent events and circumstances, such as amendments to legislation and changes in the business may affect the accuracy of the manual. Accordingly, please contact Grant Thornton Australia Limited (“**Grant Thornton**”) for additional advice to understand the impact of revised circumstances on UCA Group’s GST compliance.

This manual is confidential and has been prepared exclusively for UCA Group. It should not be used, reproduced, or circulated for any other purpose, in whole or in part, without Grant Thornton’s prior written consent.

## 1.2. Purpose

This manual is intended to be used as a high-level, practical guide covering the majority of circumstances faced by UCA Group. If situations are encountered by UCA Group which are not covered in this manual, or there is otherwise uncertainty in respect of a GST position, UCA Group should follow the escalation process outlined at section 6.6 to ensure that the correct GST outcome is reached.

## 1.3. Version Control

This document should be reviewed and revised (as required) on an annual basis to ensure it is up to date with any changes in legislation, as well as in response to significant changes to processes and systems or to correct errors or omissions.

Version	Status	Date	Prepared by	Comments
1.0	Final	August 2025	Grant Thornton Australia Limited	

## 1.4. External Escalation

For further information and guidance, please contact UCA Group’s Grant Thornton GST representatives:

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## 2. Overview of Uniting Church

### 2.1 Background and Operational Structure

UCA Property Trust is an incorporated body constituted by statute (*The Uniting Church in Australia (Queensland) Act 1977*) and carries out the Uniting Church in Australia's mission in Queensland, committed to a flourishing future for church and community.

A number of unincorporated associations exist and operate within UCA Property Trust (i.e. the UCA Group entities) – these entities include:

- The Synod office (representative of the State church).
- 3 schools ('institutions' of the Church).
- 7 Presbyteries (the Regional church).
- Circa 200 congregations (the local church).
- Various church activities – usually involving community service or outreach, including the two major community service institutions, UnitingCare Queensland and Wesley Mission Queensland, which are incorporated as companies limited by guarantee. These entities and their operations are not captured by this manual.

UCA Property Trust (and each UCA Group entity) is a charity registered with the Australian Charities and Not-for-profits Commission ("**ACNC**") and is endorsed to access the GST concessions. Each of the UCA Group entities are also endorsed as Deductible Gift Recipient ("**DGR**") entities.

### 2.2 Registration Status

UCA Property Trust has been registered for GST since 1 July 2000. All other UCA Group entities have an ABN and most are registered for GST. All GST-registered UCA Group entities are part of the GST religious group. Some smaller entities are not registered for GST due to size/complexity.

# 3. GST Legislation

## 3.1 Overview of GST

The Goods and Services Tax (“**GST**”) is a transaction-based tax that was implemented in Australia on 1 July 2000. It is governed principally by the *A New Tax System (Goods and Services Tax) Act 1999* (“**GST Act**”) as well as the *A New Tax System (Goods and Services Tax) Regulations 2019* (“**GST Regulations**”). GST is levied at a rate of 10% on the value of goods and services supplied (referred to as a “taxable supply”), rather than directly on income, and is therefore considered an indirect tax on the consumption of transactions.

The GST system was designed with the intention that the ultimate cost of the GST is borne by end consumers, non-GST registered entities and certain input taxed supply providers (such as entities that make financial supplies or supply residential accommodation). Consequently, GST-registered businesses do not typically bear the cost of GST given they are entitled to recover GST included in the cost of business-related acquisitions, to the extent they are for a creditable purpose. A key requirement to recover GST included in the cost of business-related acquisitions is that the recipient hold a valid tax invoice for the acquisition.

In addition to taxable supplies which are subject to GST, the GST Act provides that certain supplies are not subject to GST. These include GST-free supplies, input taxed supplies and supplies outside the scope of GST.

The table below summarises each of these supplies for GST purposes.

Type of supply	Report on BAS?	Charge GST?	Claim input tax credits on related acquisitions?
Taxable supplies	Yes	Yes	Yes
GST-free supplies	Yes	No	Yes
Input taxed supplies	Yes	No	No (subject to certain exceptions)
Out of scope supplies	No	No	Yes

## 3.2 Types of supplies for GST purposes

### 3.2.1 Taxable supplies

Section 9-5 of the GST Act provides that a taxable supply (a supply subject to GST) is made where:

- (a) *The supply is made for consideration;*
- (b) *The supply is made in the course or furtherance of an enterprise that the supplier carries on;*
- (c) *The supply is connected with the indirect tax zone\*;* and
- (d) *The supplier is registered or required to be registered for GST.*

*However, the supply is not a taxable supply to the extent that it is GST-free or input taxed.*

\*Note that for practical purposes the term “indirect tax zone” means Australia and will be referred to as such in this GST Manual.

Examples of taxable supplies that may be made by UCA Group include:

- retail sales at market value;
- sale of ‘new’ residential premises; and
- sale or lease of commercial premises at market value.

### 3.2.2 GST-free supplies

GST-free supplies are not subject to GST, however, the supplier is typically still entitled to claim input tax credits to recover the GST included in the price of related acquisitions.

There are a range of supplies expressly classified as GST-free under Division 38 of the GST Act which may be relevant to UCA Group. These are discussed in further detail in this GST Manual and include the following supplies:

- religious services;
- child care services;
- second-hand retail goods; and
- supplies made for less than market value.

### 3.2.3 Input taxed supplies

Input taxed supplies are not subject to GST but suppliers are typically not entitled to claim any input tax credits to recover the GST included in the price of related acquisitions.

There are a range of supplies expressly classified as input taxed under Division 40 of the GST Act which may be relevant to UCA Group. These are discussed in further detail in this GST Manual and include the following supplies:

- financial supplies (including bank interest and investment income); and
- rental income generated from leasing residential premises at market rates.

Note that supplies that would be both GST-free and input taxed are generally treated as GST-free and not input taxed. For example, although leasing of residential premises input taxed, if these are leased at less than market value in accordance with the GST-free nominal considerations rules, the supply is GST-free.

### 3.2.4 Out of scope supplies

Supplies that are outside the scope of GST are not subject to GST and should not be reported in the BAS. Input tax credits may be claimed to recover GST included in the price of related acquisitions.

Supplies are outside the scope of GST where they are not captured under a provision within the GST Act. This may include the following:

- supplies between GST religious group members;
- supplies that are not connected with Australia;
- supplies provided for no consideration (such as gifts and donations).

### 3.2.5 Mixed supplies and composite supplies

Some supplies may contain a mixture of the above GST treatments. Where a supply contains (or appears to contain) more than one part, careful consideration of its character is required for the purposes of determining GST treatment. This essentially involves determining whether the supply is a “mixed” or “composite” supply.

Each of these types of supplies is detailed below:

- A **mixed supply** is a “*supply that has to be separated or unbundled as it contains separately identifiable taxable and non-taxable parts that need to be individually recognised*”. Most importantly, these separately identifiable parts retain their own identity and must be treated as an independent supply for GST purposes and the single consideration apportioned between the supplies.

GST is payable only on the taxable part of a mixed supply. An example of a mixed supply is the lease of a building comprising both residential and commercial premises, where the supply of the residential part is input taxed and the supply of the commercial part is taxable.

- A **composite supply** is a “*supply that contains a dominant part and includes something that is integral, ancillary or incidental to that part*”. When a composite supply is made, the supply is to be characterised as one supply of a single thing (i.e. the main or dominant part of the supply) and, therefore, no identification of separate supplies or apportionment is

required. As such, if a composite supply is taxable, GST is payable on the whole supply, but if a composite supply is non-taxable, no GST is payable on the supply.

An example of a composite supply is where UCA is making GST-free supplies of religious worship services that include the provision of religious materials at no extra cost. The provision of these goods would ordinarily be taxable, however, they are merely incidental and ancillary to the composite supply of religious services and can therefore also be treated as GST-free.

However, note that there are provisions in the GST Act which require some supplies to be recognised in their own right (e.g. the supply of food as part of a GST-free education excursion or field trip) such that they cannot be treated as “integral, ancillary or incidental” to the dominant supply, regardless of their scale and connection with the dominant supply.

## 3.3 GST Religious Groups and Non-Profit Sub-Entities

### 3.3.1 GST Religious Groups

Under Division 49 of the GST Act, two or more charitable bodies belonging to the same religious organisation can form a GST religious group if they meet the following eligibility requirements:

- Each member must be registered for GST;
- Each member must be endorsed as an income tax exempt charity under Subdivision 50-B of the *Income Tax Assessment Act 1997*;
- Each member must be part of the same religious organisation; and
- The member is not a member of any other GST religious group.

A GST religious group is effectively treated as a single entity for GST purposes and transactions between group members are not subject to GST, simplifying accounting and improving cash flow. As there are no GST consequences for intra-group transactions, there is also no requirement to issue tax invoices.

However, members of a GST religious group must still account for GST on all transactions with parties outside the GST religious group by lodging individual GST returns (Business Activity Statements or “BAS”). This is different to a standard GST group registered under Division 48 of the GST Act, whereby only the representative member of the group lodges BASs on behalf of all members of the group.

**Transactions between members of the GST religious group are not included in the BAS.**

### 3.3.2 Non-Profit Sub-Entities

Under Division 63 of the GST Act, certain non-profit entities can choose to have some (or all) of their separately identifiable branches or units treated as separate entities (i.e. they have the option of splitting their operations into separate independent units) for GST purposes. These separate branches are called non-profit sub-entities. This structure is useful where the not-for-profit entity has diverse activities and funding sources.

When an entity registers a branch as a non-profit sub-entity for GST purposes, the entity is called the 'parent entity'. The parent entity then ceases to be responsible, for GST purposes, for the branch. This is different from standard GST branches registered under Division 54 of the GST Act, where parent entities remain responsible for their branches.

In order to register a non-profit sub-entity:

- The parent entity must be registered for GST and be either:
  - An endorsed charity;
  - A gift deductible entity that is a non-profit body; or
  - A non-profit body that is income tax exempt; and
- The branch must:
  - Maintain an independent system of accounting;
  - Be separately identified by reference to the nature of its activities or its location; and

- Be referred to in the parent entity's records to the effect that it is to be treated as a separate entity for the purposes of the GST law.

A non-profit sub-entity may choose to apply to be registered for GST even if it is not carrying on an enterprise or intending to carry on an enterprise for GST purposes. If the entity's individual GST turnover is at or above \$150,000, it will be required to register for GST.

Non-profit sub-entities can access the same GST concessions as their parent entity. For those GST concessions that require a choice to be made, the non-profit sub-entity of an eligible entity can choose to access the concession even if the parent entity has chosen not to apply the concession to its own activities.

# 4. Accounting for GST on Revenue

## 4.1 Analysis of Revenue Streams

Broadly, UCA Group has the following key revenue streams:

- Donations (including retiring offerings, appeals) and bequests
- Fundraising and sponsorships
- Grant funding
- Sale of retail goods income (including new goods and second-hand goods)
- Religious services income (such as worship services, wedding, funeral or baptism services)
- Child care services income (such as day care centres, outside-school-hours care services)
- Various property related transactions (such as sale of residential premises, rental income from manse, residential college, church rental income)
- Investment income and interest income
- Intra-GST religious group transactions

### 4.1.1 GST Codes for Supplies

The table below summarises the key types of revenue made by UCA Group, and the relevant GST treatment to be applied. Should the transaction not fall into one of the below revenue streams, UCA Group should follow the escalation process outlined at section 6.6 to ensure that the correct GST outcome is reached.

Revenue stream	GST treatment	Example	GST manual reference
<b>Intra-GST religious group transactions</b>	<ul style="list-style-type: none"> <li>• BAS Excluded (out of scope)</li> </ul>	Costs on charged by one UCA Group entity from another UCA Group entity	Section 3.3.1
<b>Donations and bequests</b>  <b>Grant funding</b>  <b>Sponsorships</b>	<ul style="list-style-type: none"> <li>• BAS Excluded (out of scope) – if the receipt is a 'gift' for GST purposes</li> <li>• GST on Income (taxable) – if the payment has conditions attached and is therefore payment for a supply</li> </ul>	Retiring offerings, appeals  Government grants, non-government grants	Section 4.4
<b>Proceeds from fundraising events</b>	<ul style="list-style-type: none"> <li>• GST Free Income – if raffles or bingo; or if GST-free nominal consideration rules are met</li> <li>• Input Taxed Income – if input taxed election has been made and the relevant conditions are met</li> <li>• GST on Income (taxable) – all other cases</li> </ul>	Fete, ball, raffles, bingo	Section 4.5  Section 4.8
<b>Sale of retail goods (including new goods and second hand goods)</b>	<ul style="list-style-type: none"> <li>• GST Free Income – if GST-free second-hand goods rules are met; or if GST-free nominal consideration rules are met</li> </ul>	Op shop sales, bookshop sales	Section 4.6  Section 4.8

	<ul style="list-style-type: none"> <li>• GST on Income (taxable) – all other cases</li> </ul>		
<b>Religious services</b>	<ul style="list-style-type: none"> <li>• GST Free Income – if GST-free religious services rules are met; or if GST-free nominal consideration rules are met</li> <li>• GST on Income (taxable) – all other cases</li> </ul>	Worship services, wedding, funeral or baptism services	Section 4.3 Section 4.8
<b>Child care services</b>	<ul style="list-style-type: none"> <li>• GST Free Income – if GST-free child care rules are met; or if GST-free nominal consideration rules are met</li> <li>• GST on Income (taxable) – all other cases</li> </ul>	Day care centres, outside-school-hours care services	Section 4.7 Section 4.8
<b>Property transactions</b>	<ul style="list-style-type: none"> <li>• Input Taxed Income</li> <li>• GST Free Income</li> <li>• GST on Income (taxable)</li> </ul> <p>See Section 4.9.1 for a summary of GST treatment</p>	Sale of residential premises, rental income from manse, residential college, church rental income	Section 4.9 Appendix E
<b>Investment income and interest income</b>	<ul style="list-style-type: none"> <li>• Input Taxed Income</li> </ul>	Interest earned on a bank account or term deposit, income received from holding an interest in an investment portfolio	Section 4.10

#### 4.1.2 Significant or Unusual Transactions

Where a revenue transaction cannot be classified within one of the categories above, careful consideration is required to ensure the appropriate GST treatment is applied. Significant or unusual transactions often result in increased GST risk.

Where there is a significant transaction, the increased risk is due to the size of the transaction and therefore the potential for a high value GST error. In respect of unusual transactions, the increased risk arises as a result of unfamiliarity with the nature of the transaction and thereby, incorrect GST classification.

See section 6.6 for UCA Group's procedure for escalating GST related matters and ensuring the correct GST outcome is achieved in respect of significant or unusual transactions, contentious matters, or where there is uncertainty in respect of a GST position.

## 4.2 Timing of Recognition of GST on Income

Where a UCA Group entity accounts for GST on a cash basis, the GST payable on a taxable supply (i.e. a supply subject to GST) is attributable to the tax period in which the UCA Group entity receives any payment for the supply.

Where a UCA Group entity accounts for GST on an accruals (non-cash) basis, the GST payable on a taxable supply is attributable to the earlier of:

- The tax period in which the UCA Group entity receives any payment for the supply; or
- The tax period in which the UCA Group entity issues an invoice relating to the supply.

When preparing a GST supply journal to record a taxable supply, the preparer should have regard to the above timing requirements to ensure the transaction is recorded accurately and thereby reported in the correct tax period.

Note that the requirement is only for an *invoice* to be issued (that is, a document notifying an obligation to make payment). It does not necessarily have to be a *tax invoice* (that is, a valid tax invoice issued in accordance with section 29-70 of the GST

Act – see section 4.13 for details). In practice, it is unlikely that UCA Group would issue an invoice that is not a tax invoice within the meaning of the GST Act.

## 4.3 Religious Services

Under section 38-220 of the GST Act, services provided by UCA Group entities may be treated as **GST-free** where they are:

- 1 supplied by a recognised religious institution;
- 2 integral to the practice of the religion; and
- 3 supplied for consideration (e.g. a fee or donation).

The following services are examples the ATO considers to be religious services within its published [GST Issues Register for Religious Institutions and Services](#). These services are GST-free when supplied by a recognised religious institution:

- Worship services
- Sunday school programs
- Weddings
- Funerals
- Baptisms
- Religious retreats
- Bible study groups
- Pre-marital religious instruction
- Catechism or faith formation classes

Other services with similar characteristics that are spiritual in nature and integral to the practice of the religion may also qualify as GST-free religious services.

These services reflect the spiritual and ritual practices of the religion and are central to the religious mission of UCA Group entities. As such, they qualify for GST-free treatment under the GST Act.

## 4.4 Financial Assistance Payments

### 4.4.1 Donations

Where a UCA Group entity (as an endorsed charity) receives income in the form of a donation or a gift, this is not considered to be a payment for a supply and is therefore **outside the scope of GST** (i.e. BAS excluded).

For a payment to qualify as a donation or gift, it must meet the following two requirements:

#### 1 **The payment must be made voluntarily**

A payment is not voluntary when:

- There is an obligation to make the payment; or
- The endorsed charity is contractually obliged to use the payment in a specific way; and

#### 2 **The donor cannot receive a material benefit in return** (i.e. the payment does not have any conditions attached which would constitute the UCA Group entity making a supply in return for the payment)

- A benefit is not material if it is of insubstantial value that cannot be put to use or is not marketable (e.g. a pin or a ribbon).
- A benefit is material if it has value or utility (e.g. a ticket to a dinner, a pen, or a book).

If either of these conditions is not met, the payment is not a 'gift' for GST purposes and is instead consideration for a supply by the UCA Group entity. In such cases, the donation will be **taxable** (i.e. subject to GST) if all the other requirements for a taxable supply are met, unless it qualifies as GST-free under another provision of the GST Act.

#### 4.4.2 Sponsorships

Sponsorships typically involve the provision of something of value to the sponsor in return for the sponsorship payment. This may include:

- Advertising
- Signage
- Naming rights
- Promotional opportunities

Where a UCA Group entity provides such benefits, the sponsorship payment is not a 'gift' for GST purposes. Instead, it is consideration for a supply and is **taxable** (i.e. subject to GST) if all the other requirements for a taxable supply are met, unless it qualifies as GST-free under another provision of the GST Act.

#### 4.4.3 Grants

Grants may be **outside the scope of GST** or **taxable**, depending on the nature of the arrangement.

- A grant is not considered a payment for a supply (and is therefore **outside the scope of GST**) if:
  - the recipient is only required to meet eligibility criteria to receive the grant (e.g. operating in a specific location, having DGR status, or working in areas such as homelessness and affordable housing)
  - There is no obligation or expectation for the recipient to provide anything in return (i.e. there are no conditions attached).
- A grant is considered payment for a supply (and may be **taxable**) if the recipient is required to do more than meet eligibility criteria. This includes circumstances where the recipient:
  - enters into a binding legal obligation to do something;
  - enters into a binding legal obligation to refrain from doing something; or
  - provide goods and service in exchange for the grant.

## 4.5 Fundraising Events

#### 4.5.1 General

Fundraising events and activities are generally **taxable** for GST purposes (unless they meet alternative requirements for GST-free treatment – see section 4.8). However, an endorsed charity may choose to treat certain fundraising events and activities as **input taxed**.

The following fundraising events may be treated as input taxed:

- a fete, ball, gala show, dinner, performance or similar event
- an event involving the sale of goods for \$20 or less, but:
  - the event cannot involve the sale of alcohol or tobacco<sup>1</sup>
  - the sale of the goods is not a normal part of the supplier's business (e.g. a charity holds an annual flower day where it sells flowers for \$2 each and the charity is not in the business of selling flowers)
- an event that has been approved by the ATO as a fundraising event, noting the ATO will only grant approval if:
  - the event is held for the purpose of fundraising
  - the organisation is not in the business of conducting such events
  - the proceeds from the event are for the direct benefit of the organisation's charitable or non-profit purposes.

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<sup>1</sup> The sale of alcohol and tobacco at a fete, ball, gala show, dinner, performance or similar event will not prevent the event from being treated as an input taxed fundraising event.

Other criteria which are required to be met for input taxed treatment are outlined below:

- the organisation conducting the event is an endorsed charity or gift deductible entity
- the event must be held for the purpose of fundraising
- the organisation can only hold up to 15 of the same type of fundraising events in a financial year (if it holds more than 15, none of the fundraising events are able to be treated as input taxed)
- the choice must be made before any transactions take place
- the event must be referred to in the organisation's records as an event that is treated as input taxed

The consequences of choosing to treat a fundraising event as input taxed are outlined below:

- the choice applies to all sales made in connection with the fundraising event (and only applies to sales made in connection with the fundraising event)
- GST will not be required to be remitted on any sales made in relation to the fundraising event (i.e. the activities will not be subject to GST)
- GST cannot be claimed on any purchases for the fundraising event
- records must be kept containing details of the choice (e.g. in accounts or meeting minutes)

#### 4.5.2 Raffles and Bingo

A raffle is a game of chance where the prizes are either goods or cash, or a combination of these.

The sale of tickets in a raffle and the acceptance of a person's participation in a game of bingo by an endorsed charity are **GST-free**, provided they do not contravene state or territory law.

## 4.6 Sale of Second-Hand Retail Goods

A UCA Group entity (as an endorsed charity) is eligible to apply **GST-free** treatment on income received from the sale of second-hand goods from retail stores, subject to complying with the GST-free second-hand goods rules contained in section 38-255 of the GST Act.

Under the GST-free second-hand goods rules, a UCA Group entity can make a GST-free supply of second-hand goods if:

- The goods were received by the UCA Group entity as a gift; or
- The goods were obtained by the UCA Group entity by way of GST-free supply under the same rules.

However, where the UCA Group entity handles the goods in such a way that the goods no longer have their original character, the goods then cannot be supplied as GST-free second-hand goods. Also note that goods donated by a business that were trading stock are not second-hand goods and therefore cannot be supplied as GST-free.

The ATO has excluded the following goods which cannot be second-hand goods for GST purposes:

- precious metal (e.g. gold, silver and platinum)
- goods to the extent that they consist of gold, silver, platinum or any other substance which, if it were of the required fineness, would be precious metal
- animals or plants

However, collectibles and antiques (containing precious metals) that are bought and sold as such may still qualify as second-hand goods.

The UCA Group entities should ensure that the GST-free second-hand goods requirements are met before applying GST-free treatment to the sales. Additionally, where the charitable stores operated by the UCA Group entities sell both taxable new goods and GST-free second-hand goods, the UCA Group entities should undertake a regular review of goods sold to ensure that the goods are itemised and the correct GST treatment has been adopted.

## 4.7 Child Care

The supply of child care is **GST-free** under Subdivision 38-D of the GST Act where:

- The supplier is a child care service approved under Commonwealth family assistance laws (i.e. under the *A New Tax System (Family Assistance) (Administration) Act 1999*). This typically applies to long day care centres, family day care centres, outside-school-hours care services and some occasional care services. Excursions directly related to the child care are also GST-free; or
- It is a supply of child care specified in a determination made by the Child Care Minister, but only where the supplier of the care is eligible for Commonwealth funding in respect of the care. The Child Care Minister has specified the following kinds of child care in *GST-free Supply (Child Care) Determination 2017*:
  - in-home care provided by a service that does not hold approval under the family assistance law under the auspices of the Interim Home Based Carer Subsidy Programme of the Commonwealth; and
  - centre-based child care provided by a service that does not hold approval under the family assistance law under the auspices of the Budget Based Funded program of the Commonwealth.

Where a supply of child care meets the criteria for GST-free treatment, the GST-free treatment also applies to all goods and services supplied by or on behalf of the child care supplier which are directly related to the supply of child care, for example food, electricity, bed linen and nappy wash services.

## 4.8 Non-Commercial Activities

Under the nominal consideration rules contained in section 38-250 of the GST Act, charitable or non-commercial activities conducted by endorsed charities may be **GST-free** where certain threshold tests are met. There are two types of threshold tests depending on whether the supplies relate to accommodation or something other than accommodation.

Accommodation supplies can be GST-free when the consideration for the supply is either less than 75% of the:

- GST-inclusive market value of the supply ("**market value test**"); or
- cost to the supplier of providing that accommodation ("**cost of supply test**").

Non-accommodation supplies can be GST-free when the consideration for the supply is either less than:

- 50% of the GST-inclusive market value of the supply ("**market value test**"); or
- 75% of the consideration the supplier provided or was liable to provide for acquiring the thing supplied ("**cost of supply test**").

Further guidance on the cost of supply and market value tests are set out below, and can also be found in the ATO publication titled [Goods and Services Tax Industry Issues Charities Consultative Committee: Non-commercial activities of charities, cost of supply and market value tests](#).

***Given the complexity involved with these tests, it is recommended that UCA Group seeks advice from expert tax advisors such as Grant Thornton to ensure the correct GST outcome is reached.***

### 4.8.1 Cost of supply test

For the cost of supply test, the ATO outlines that a charity should include all direct costs incurred (e.g. materials and direct labour) and a reasonable apportionment of indirect costs incurred (e.g. marketing, administration, office expenses, electricity, telephone and insurance). Items such as volunteer labour, donations and free rent which do not represent real costs cannot be included in working out the cost of the supply. Depreciation amounts can only be included in the cost calculation for supplies of accommodation.

This cost of supply approach determines GST-free status by comparing the actual or projected cost incurred (or liable to be incurred) in making a supply with the consideration received.

This methodology requires the following steps:

- 1 Identification of direct costs (e.g. materials and direct labour)
- 2 A reasonable apportionment of indirect costs incurred (e.g. marketing, administration, office expenses, electricity, telephone and insurance)
- 3 Exclusion of specific items, such as volunteer labour, donations and free rent which do not represent real costs cannot be included in working out the cost of the supply. Depreciation amounts can only be included in the cost calculation for supplies of accommodation.

- 4 Calculate the cost per supply by dividing the total calculated costs for the supplies by the number of supplies made.
- 5 Compare the cost per supply with the consideration received to determine whether the cost is less than 75% of the consideration received for that supply.

The application of these guidelines are considered in detail within [ATO published guidelines](#) at paragraphs 14 - 28. These guidelines should be reviewed when undertaking this methodology.

#### 4.8.2 Market value test

The market value guidelines provide methodologies which allow taxpayers to determine a market value that is acceptable to the ATO, when applying the nominal consideration rules under subsection 38-250(1).

Broadly, the market value approach assesses the GST-inclusive market value of a supply and compares it against the fee charged. Following application of one of the valuation methodologies set out below, a supply will be GST-free if the consideration is <50% of market value (non-accommodation), or <75% of market value (accommodation).

- 1 Current independent market valuation for the supply
- 2 Market value tests as set out in the [ATO published guidelines](#) at paragraphs 29 - 121. These guidelines should be reviewed when undertaking this methodology.
- 3 ATO market value benchmarks ([GST and non-commercial rules-benchmark market values](#));

Broadly, UCA Group entities should apply ATO market value benchmarks, when available, given the simplicity and administrative ease of their application, unless the supply is unique or the benchmark appears understated compared to expected market value.

##### 4.8.2.1 Independent valuation

There is no requirement to obtain a professional valuation by a licensed valuer when determining the market value. However, where a current independent market valuation is available, **it must be used** to assess whether a supply is for nominal consideration. Internal valuations are not accepted by the ATO for this purpose.

UCA Group entities may rely on an independent market valuation provided by a licensed valuer or real estate agent, subject to the valuation's age. The following outlines the ATO's position:

Valuation Date	Use of Benchmark Market Values	Requirements / Options
<b>Current Year Valuation</b>	X Not permitted	Must use the independent market valuation. Benchmark values cannot be used.
<b>Valuation 1–4 Years Old</b>	X Not permitted	UCA may: <ul style="list-style-type: none"> <li>• Adjust the valuation using CPI (<a href="#">ATO CPI guidance</a>)</li> <li>• Apply market value tests</li> <li>• Obtain a new valuation</li> </ul>
<b>Valuation &gt;4 Years Old</b>	✓ Permitted	UCA may: <ul style="list-style-type: none"> <li>• Use benchmark market values</li> <li>• Apply market value tests</li> <li>• Obtain a new valuation</li> </ul>

##### 4.8.2.2 Mark Value Tests

Where there is not a current independent market valuation, the ATO published guidelines provide a structured methodology to determine an acceptable GST-inclusive market value.

The ATO published guidelines recommend applying successive tests as follows:

- 1 **The Same Supply Test:** Determine if an identical supply exists in the open market. If so, adopt that market price as the benchmark.

- 2 **The Similar Supply Test:** If an identical supply isn't available, identify supplies of similar quality, quantity, and conditions in the market and use their prices as a proxy to estimate a reasonable market value.
- 3 **The "Cost Plus" Method:** If neither of the above tests provides a clear market value, a 'cost plus' approach may be used. This involves adding a mark-up to the full absorption cost (which may include direct costs and a reasonable allocation of indirect costs).
- 4 **Commissioner-Approved Methodology:** as an alternative to the 'cost plus' method, if no same or similar supply exists, the taxpayer may develop a custom valuation method and seek approval from the ATO.

The application of these guidelines are considered in detail within [ATO published guidelines](#) at paragraphs 29 - 121. These guidelines should be reviewed when undertaking this methodology.

#### 4.8.2.3 Benchmark Market Values ([recommended where applicable](#))

Where a current independent market valuation is not held, the ATO published guidelines allow the use of annually updated ATO benchmark market values to determine the GST-inclusive market value for certain types of supplies.

These benchmark values are a simplified alternative to applying the market value tests (same supply, similar supply, etc.), and may be used where:

- 1 The supply type is eligible under ATO guidance; and
- 2 No independent market valuation exists that is less than 4 years old.

The following supplies are eligible to use the benchmark market value tables to determine the GST inclusive market values of those supplies:

- supported accommodation and community housing (long-term accommodation rates);
- crisis care (short-term and long-term accommodation as appropriate);
- retirement villages (long-term accommodation);
- other residential housing (long-term accommodation); or
- meals provided through charity soup kitchens or delivered to the frail, homeless or needy.

Benchmark values are published by the ATO and updated annually, effective from 1 July. They must be applied per supply type and location and cannot be averaged across services or regions.

Detailed guidance on how to apply benchmark market values is [published on the ATO website](#), and should be reviewed to ensure correct application of this method.

For current rates, refer to the [ATO benchmark market value tables](#).

#### 4.8.3 Supplies by residential colleges

A residential college may offer a mix of supplies to students and non-students, including the following:

- Accommodation
- Meals
- Tertiary residential college courses
- Other supplies such as student tutoring and religious services

As a result, the services provided can be a mix of taxable, input taxed and GST-free supplies. The GST treatment of these supplies should be considered under the nominal consideration rules outlined above (i.e. by applying either the cost of supply test or market value test to each individual supply).

[Practical Compliance Guideline PCG 2022/3: Goods and services tax and residential colleges - ATO compliance approach](#) contains the ATO's risk-based compliance approach for residential colleges applying the market value test for both accommodation and non-accommodation supplies with respect to tax periods starting on or from 1 January 2023.

**Given the complexity involved with these tests, it is recommended that UCA Group seeks advice from expert tax advisors such as Grant Thornton to ensure the correct GST outcome is reached.**

## 4.9 Property Operations

### 4.9.1 Overview

Any supplies of real property located in Australia which a GST-registered UCA Group entity makes for consideration will generally be a taxable supply. However, the supply will not be a taxable supply to the extent that it is GST-free or input taxed. The GST treatment for different types of property transactions is summarised in the table below and in the decision tree in Appendix E.

**Note that the GST implications of property transactions can be very complex and rely heavily on the specific circumstances of each case. As such, caution should be exercised when considering the GST treatment of UCA Group's property operations and if there is any uncertainty, it is recommended that UCA Group seeks advice from expert tax advisors such as Grant Thornton to ensure the correct GST outcome is reached.**

Taxable	Input Taxed	GST-free
<ul style="list-style-type: none"> <li>• Sale or lease of vacant land</li> <li>• Sale or lease of commercial premises (e.g. office building) at or above 50% of market value</li> <li>• Sale of 'new' residential premises (unless solely rented out as an input taxed supply for a continuous 5 year period or more prior to sale)</li> <li>• Sale or lease of commercial residential premises (note exception for long-term commercial accommodation)</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of residential premises</li> <li>• Lease of residential premises (including 'new' residential premises) (i.e. residential rent) at or above 75% of market value</li> </ul>	<ul style="list-style-type: none"> <li>• Lease of residential premises (including 'new' residential premises) (i.e. residential rent) below 75% of market value (see section 4.8)</li> <li>• Lease of commercial premises below 50% of market value (see section 4.8)</li> <li>• Sale of a going concern (e.g. sale of leased commercial premises)</li> </ul>

### 4.9.2 Margin Scheme

The margin scheme rules are contained in Division 75 of the GST Act. Where an (eligible) taxable supply of real property is made under the margin scheme, the amount of GST on the supply is 1/11<sup>th</sup> of the "margin" for the supply (rather than on the full amount of consideration received), resulting in a reduced GST liability.

The margin is determined using either the consideration method or the valuation method.

#### 4.9.2.1 Calculating the margin – consideration method

Broadly, the consideration method applies where the land was acquired by the UCA Group entity after 1 July 2000. The margin is the amount by which the sale proceeds exceed the original purchase price of the land. Sale proceeds include any settlement adjustments (such as council and water rates, land tax etc.). However, items such as development costs, legal fees, purchase of any options and stamp duty cannot be included in the purchase price.

#### 4.9.2.2 Calculating the margin – valuation method

Broadly, the valuation method applies where the land was acquired by the UCA Group entity before 1 July 2000. The margin is the amount by which the sale proceeds exceed the valuation of the land (normally at 1 July 2000). Thus, an approved valuation is required. The [ATO published checklist](#) can assist in confirming whether a valuation is an approved valuation.

#### 4.9.2.3 Eligibility

In order for a UCA Group entity to be eligible to use the margin scheme, the following requirements must be met:

- There must be a written agreement between the UCA Group entity and the purchaser that the margin scheme will be used; and
- The underlying land / property must have been acquired by the UCA Group entity in a way that enables margin scheme use, for example:
  - acquired under margin scheme
  - acquired as GST-free going concern or farm land (note look-through is required)
  - acquired from an unregistered entity
  - acquired from a registered entity which is not carrying on an enterprise with respect to the sale of the land
  - acquired in any other way on which no GST was charged
  - other specific eligibility options e.g. associates (note look-through is required)

#### Look-through rules

It should be noted that there are “look-through” rules which apply if a UCA Group entity sells property that it originally purchased, or entered into a contract to purchase, after 9 December 2008.

Under these rules, the UCA Group entity cannot use the margin scheme if the entity that the UCA Group entity purchased the property from was not eligible to use the margin scheme and the property was purchased:

- As part of a GST-free going concern;
- As GST-free farm land; or
- From an associate for no consideration.

Further, the base cost depends on:

- When the previous owner acquired the land / property
- When the previous owner became registered or required to be registered
- The consideration paid by the previous owner

#### 4.9.2.4 Amalgamated land

There may be situations where two or more blocks of land adjacent to one another are acquired, amalgamated, subdivided and sold. If one block was acquired in a way that allows the margin scheme to be used, but the other does not (for example, because it was acquired as a fully taxable supply), after development of such land the subdivided lots will sit:

- Wholly on the margin scheme land – the margin scheme can be used
- Wholly on the “fully taxed” land – the margin scheme cannot be used
- Partly on the margin scheme land and partly on the “fully taxed” land – the margin scheme can be used but an increasing adjustment needs to be made to the extent that input tax credits were claimed

#### 4.9.2.5 Subdivided land

Where subdivided land is sold, the cost base must be calculated on a pro-rata basis. Any reasonable method of apportionment may be used. Examples of apportionment methods include:

- Area
- Number of lots or sites
- Anticipated selling price
- Total aggregated selling prices

#### 4.9.2.6 Other GST considerations

It should be noted that, where the margin scheme is applied, the purchaser of the real property will not be able to claim a corresponding input tax credit. As such, the margin scheme is rarely applied to the sale of commercial premises.

#### 4.9.3 Residential Premises

Residential premises are defined in the GST Act to mean land or a building that:

- is occupied as a residence or for residential accommodation; or
- is intended to be occupied, and is capable of being occupied, as a residence or for residential accommodation.

The physical characteristics of the premises, rather than their actual or intended use, is crucial in determining whether it qualifies as residential premises. As such, premises do not have to be used as residential premises to qualify as residential premises.

Generally, the supply of residential premises is **input taxed**, unless the premises are considered to be 'new' residential premises or commercial residential premises – in which case the supply is a taxable supply.

This input taxed treatment applies to supplies of residential premises by way of sale, rent or long-term lease (broadly, a lease with at least a 50-year term), but only to the extent that the residential premises are to be used predominantly (i.e. more than 50%) for residential accommodation (regardless of the term of occupation).

However, renting of residential premises is an **input taxed** supply, regardless of whether the premises are new, unless it is a long-term lease or commercial residential premises.

##### 4.9.3.1 New residential premises

The sale or long-term lease of new residential premises is generally **taxable**, unless the residential premises have been used for residential accommodation (regardless of the term of occupation) before 2 December 1998, in which case the supply follows the general rule of being input taxed.

Residential premises are new residential premises if they:

- Have not previously been sold as residential premises (other than commercial residential premises) and have not previously been the subject of a long-term lease;
- Have been created through substantial renovations of a building (i.e. renovations in which all, or substantially all, of a building is removed or is replaced – although the renovations need not involve removal or replacement of foundations, external walls, interior supporting walls, floors, roof or staircases); or
- Have been built, or contain a building that has been built, to replace demolished premises on the same land.

However, residential premises are precluded from being new residential premises if, for the period of at least 5 years since the premises first became residential premises, the premises have only been used for making input taxed supplies of residential premises by way of lease, hire or licence. This will be the case where the premises have been leased as (input taxed) residential premises for a continuous period (i.e. no breaks between tenancies) of 5 years or more, and have not been actively marketed for sale.

##### 4.9.3.2 Commercial residential premises

Supplies of commercial residential premises and supplies of accommodation in commercial residential premises are generally **taxable**. However, special rules apply in respect of a supply of long-term commercial accommodation.

Commercial residential premises are defined in the GST Act to include the following properties:

- Hotels, motels, inns, hostels and boarding accommodation;
- Boarding school accommodation;
- Ships let out on hire in the ordinary course of a business of letting out on hire;
- Ships let out on hire or used for entertainment or transport;
- Marina berths for ships used as residences;

- Caravan parks and camping grounds (under Div 87 of the GST Act); and
- "Anything similar".

However, premises that are used, or partly used, to provide accommodation to students other than school students (such as university colleges) are excluded from the definition.

In addition, the above properties must have certain characteristics in order to be treated as commercial residential premises. Refer to *Goods and Services Tax Ruling GSTR 2012/6 Goods and services tax: commercial residential premises* for an outline of some common characteristics of operating hotels, motels, inns, hostels and boarding houses for the purposes of determining whether they can be treated as commercial residential premises.

#### Long-term commercial accommodation

Broadly, where a taxable supply of long-term commercial accommodation is made, the supplier may choose one of the following GST treatments:

- Treat all supplies of long-term commercial accommodation as input taxed;
- If the accommodation is predominantly long-term, treat the supply as taxable and calculate GST on half of the normal GST-inclusive price of that accommodation (i.e. at a GST concessional rate of 5.5%) from the beginning of the occupant's stay; or
- If the accommodation is not predominantly long-term, treat the supply as taxable and calculate GST as follows:
  - For the first 27 days – calculate GST as normal; and
  - From day 28 onwards – calculate GST on half of the normal GST-inclusive price of that accommodation (i.e. at a GST concessional rate of 5.5%).

The supplier must apply the chosen GST treatment to all supplies of long-term commercial accommodation for a period of at least 12 months.

Accommodation provided in commercial residential premises is considered long-term for GST purposes when the stays are for 28 continuous days or more. Further, commercial residential premises are predominantly for long-term accommodation if at least 70% of the guests stay for 28 continuous days or more.

#### **4.9.4 Sale of a Going Concern**

Under section 38-325 of the GST Act, a supply of a going concern may be **GST-free** where the following requirements are met:

- The supply is a supply under an arrangement under which:
  - The supplier supplies to the recipient all of the things that are necessary for the continued operation of an enterprise; and
  - The supplier carries on, or will carry on, the enterprise until the day of the supply (whether or not as a part of a larger enterprise carried on by the supplier);
- The supply is for consideration;
- The recipient is registered or required to be registered; and
- The supplier and the recipient have agreed in writing that the supply is of a going concern.

An example of an enterprise that may be sold as a going concern includes leased commercial premises such as office buildings with tenants (note empty space must be "actively marketed" for the leasing enterprise to be carried on until the day of the supply).

However, if a UCA Group entity is contemplating the acquisition of a going concern, it should consider its future plans in relation to the enterprise being acquired. There are two potential traps for GST purposes:

- If the UCA Group entity uses the enterprise to make input taxed supplies, it may have an increasing adjustment for GST purposes whereby it will be required to charge itself GST on the acquisition of the going concern and remit this to the ATO. This GST cannot be claimed back from the ATO.
- If the UCA Group entity wants to use the margin scheme in respect of future supplies, a 'look through' will be required to determine the base cost.

## 4.10 Financial Supplies

Financial supplies are **input taxed** for GST purposes (i.e. not subject to GST)\*.

Something is a financial supply if it is mentioned as a financial supply in regulation 40-5.09 of the GST Regulations, which includes (but not limited to):

- loans or borrowings;
- interest earned on a bank account or term deposit; and
- the issuing or acquisition of shares and related transactions.

However, regulation 40-5.12 of the GST Regulations specifies certain types of supplies that are not financial supplies, including ancillary supplies such as:

- cheque books;
- debt collection;
- agency services such as custodian, brokerage, management services; and
- facilitation services such as payment systems, stored value cards (not linked to a bank account).

It is important to note that the receipt of a financial supply is also an input taxed supply.

Where a UCA Group entity receives input taxed income such as income from making financial supplies, it may impact its entitlement to claim input tax credits in full (refer to section 5.1).

*\* However, note that where investments are between GST religious group members, any interest or investment income / expenses will be BAS excluded.*

## 4.11 Write-Offs and Bad Debts

Where the accruals basis of accounting for GST is used, a UCA Group entity may attribute the GST on a taxable supply in its respective BAS before any or all of the consideration for the supply is received. If subsequently:

- The UCA Group entity writes off as bad some or all of the consideration it was due to receive for the supply; or
- The whole or part of the debt has been overdue for 12 months or more,

The UCA Group entity will have attributed the GST but will not have received an amount for that GST from the recipient of the supply. The UCA Group entity will have a decreasing adjustment to its net GST liability, equal to 1/11<sup>th</sup> of the amount written off or 1/11<sup>th</sup> of the amount that has been overdue for 12 months or more.

If the UCA Group entity subsequently recovers the whole or part of the debt for which there was a decreasing adjustment, the UCA Group entity will have an increasing adjustment to be made in its BAS.

A debt will be written off if there is some form of written record which evidences the decision by the UCA Group entity to write off the debt from the accounts. The mere fact of making a decreasing adjustment on the BAS does not mean the debt has been written off.

## 4.12 Agency Arrangements (Supplies)

The principles of the general law of agency are followed in applying GST law to agency relationships. These general agency rules are contained in Subdivision 153-A of the GST Act and reflect that where an agent is authorised to undertake a transaction on behalf of the principal, thereby binding the principal to the legal effects of the transaction, the transaction is made by the principal through the agent. This is the default agency relationship that applies unless a documented principal-to-principal relationship is in place (pursuant to Subdivision 153-B of the GST Act).

In applying the general agency rules, where a principal makes a taxable supply through an agent, it is the principal who is liable for the GST payable on the supply. The principal is also required to report such supplies, and the related GST, in its BAS. The agent should not report such supplies in its BAS.

Under the general agency rules, either the agent or the principal – but not both – can issue tax invoices and adjustment notes, and the invoices and adjustment notes can show either the agent's or the principal's name and ABN.

Given that the time at which consideration was received or an invoice was issued by an agent may not be immediately known to the principal, the Commissioner of Taxation has made a determination that the GST payable by the principal on a taxable supply will be attributable to the earlier of the following:

- The tax period in which the principal became aware that any of the consideration has been received; or
- The tax period in which the principal became aware that an invoice has been issued relating to the supply.

## 4.13 Tax Invoice Requirements

### 4.13.1 General

Where a UCA Group entity makes a taxable supply of more than \$82.50 (including GST), it should issue a tax invoice to allow the recipient to recover the GST as an input tax credit if they are otherwise entitled to do so.

Equally, a UCA Group entity can claim an input tax credit to recover GST included in the price of a purchase it makes provided it holds a valid tax invoice issued by the supplier at the time the claim is made in the BAS (only required for purchases more than \$82.50 including GST).

It is also important to note that if a recipient requests a tax invoice, the UCA Group entity is required under the GST Act to provide one within 28 days of the request being made.

A valid tax invoice includes enough information to clearly determine all of the following details:

- 1 That the document is intended to be a tax invoice;
- 2 The seller's identity;
- 3 The seller's ABN;
- 4 The date the invoice was issued;
- 5 A brief description of the services provided and the price;
- 6 The GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly 1/11<sup>th</sup> of the total price, as a statement such as 'Total price includes GST';
- 7 The extent to which each sale on the invoice includes GST; and
- 8 If the invoice is for a purchase of \$1,000 or more, the buyer's identity or ABN.

Where a tax invoice issued by a UCA Group entity includes both taxable and non-taxable supplies (e.g. items that are GST-free), the invoice must show which items are taxable.

### 4.13.2 Recipient Created Tax Invoices ("RCTIs")

Usually, the supplier of a taxable supply gives the recipient a tax invoice for the supply. However, in some cases, the invoices are generated by the recipient of the supply instead for mutual efficiency, for example, where it may be easier for a recipient to determine the price paid.

Under previous guidelines, the ATO had released RCTI determinations and rulings for specific categories (or classes) of suppliers, such as insurance brokers, vehicle dealers, agricultural related entities, government related entities and large entities. RCTIs could therefore only be issued by entities which met the requirements outlined in those determinations or rulings.

In 2023, the ATO repealed all of the previous RCTI determinations, and released *Legislative Instrument LI 2023/20* ("LI 2023/20") for RCTIs, which allowed a much broader range of recipients to issue RCTIs, rather than restricting the use to certain classes of suppliers. LI 2023/20 specifically separates entities into government related entities, large business entities and business entities, and allows these entities to issue RCTIs where the general RCTI requirements are satisfied. Taxpayers such as the UCA Group entities are now allowed to self-assess their eligibility to issue RCTIs.

## Government related or large business entity

A government related entity or a large business entity (GST turnover threshold at or above \$20 million) that is the recipient of a taxable supply may issue an RCTI for the supply if:

- the recipient and the supplier of the taxable supply are registered for GST when the RCTI is issued; and
- the recipient satisfies the general requirements below.

## Business entity

A business entity that is the recipient of a taxable supply may issue an RCTI for the supply if:

- the recipient and the supplier of the taxable supply are registered for GST when the RCTI is issued;
- the recipient determines the value of the taxable supply acquired from the supplier; and
- the recipient satisfies the general requirements below.

## General requirements

In addition to the above, in order to issue an RCTI, the recipient of a taxable supply must:

- issue a document that complies with the tax invoice requirements (refer to section 4.13.1) and includes the following:
  - the identity or ABN of the recipient even if the total price is less than \$1,000;
  - that the GST is payable by the recipient; and
  - that the document is intended to be an RCTI and not a standard tax invoice;
- issue the RCTI (either as an original or a copy) to the supplier within 28 days from when:
  - the taxable supply is made by the supplier; or
  - the value of the taxable supply is determined by the recipient, where the recipient determines the value of the taxable supply after the supply is made;
- retain the original or a copy of the RCTI for five years;
- have a written agreement with the supplier either:
  - as a standalone agreement specifying the supplies to which it relates, that is current and effective when the RCTI is issued, agreeing that:
    - the recipient can issue tax invoices in respect of the supplies;
    - the supplier will not issue tax invoices in respect of the supplies;
    - the supplier acknowledges that it is registered for GST when it enters into the agreement and that it will notify the recipient if it ceases to be registered; and
    - the recipient acknowledges that it is registered when it enters into the agreement and that it will notify the supplier if it ceases to be registered for GST; or
  - embedded in the RCTI it issues that contains the following statement:

*The recipient and the supplier declare that this agreement applies to supplies to which this tax invoice relates. The recipient can issue tax invoices in respect of these supplies. The supplier will not issue tax invoices in respect of these supplies. The supplier acknowledges that it is registered for GST and that it will notify the recipient if it ceases to be registered. The recipient acknowledges that it is registered for GST and that it will notify the supplier if it ceases to be registered for GST. Acceptance of this RCTI constitutes acceptance of the terms of this written agreement.*

*Both parties to this supply agree that they are parties to an RCTI agreement. The supplier agrees to notify the recipient if the supplier does not wish to accept the proposed agreement within 21 days of receiving this document.*

- for a taxable supply covered by an agreement embedded in an RCTI, have not received notice from a supplier within 21 days of issuing an RCTI that the supplier does not accept the proposed written agreement embedded in the RCTI;

- not issue a document that would otherwise be an RCTI on or after the date when either the recipient or the supplier has failed to comply with any of the requirements of LI 2023/20; and
- reasonably comply with its obligations under taxation laws.

#### 4.13.3 Adjustment Notes

An adjustment may need to be made in the BAS if an adjustment event occurs, resulting in a change to the amount of GST payable or claimable. An adjustment will need to be made if all of the following apply:

- During a reporting period, an adjustment event occurs for a sale or purchase;
- The sale or purchase has been accounted for in the BAS for a previous tax period; and
- As a result of the adjustment event, the GST amount previously reported no longer reflects the correct GST amount.

If the corrected GST amount is greater than the previously reported GST amount, an increasing adjustment arises (i.e. an increase to the net amount of GST payable). If the corrected GST amount is less than the previously reported GST amount, a decreasing adjustment arises (i.e. a decrease to the net amount of GST payable).

An adjustment event arises where:

- A supply or acquisition is cancelled;
- The thing or part of the thing supplied is returned, regardless of whether the return involves a change of ownership to the thing or not (except for the purpose of repair or maintenance);
- There is a change to the previously agreed consideration for a supply or acquisition (e.g. due to a discount); or
- A supply or acquisition becomes, or ceases to be, a taxable supply or a creditable acquisition.

The adjustment must generally be reported in the reporting period in which the UCA Group entity becomes aware of the need for an adjustment.

Generally, a valid adjustment note must be issued before a decreasing adjustment can be made, unless the adjustment is for a GST-inclusive amount of \$82.50 or less.

Similarly to a tax invoice, a valid adjustment note must include enough information to clearly determine all of the following details:

- 1 That the document is intended to be an adjustment note and the effect of the adjustment;
- 2 The seller's identity;
- 3 The seller's ABN;
- 4 The date the adjustment note was issued;
- 5 A brief explanation of the reason for the adjustment;
- 6 The amount of the adjustment to the GST payable;
- 7 The difference between the price of the supply before the adjustment and the price of the supply after the adjustment; and
- 8 If the adjustment note relates to a tax invoice for a supply of \$1,000 or more (or if the adjustment note arises out of an adjustment event where a supply that was not taxable becomes taxable and the price of the supply is \$1,000 or more), the buyer's identity or ABN.

A UCA Group entity must issue an adjustment note within 28 days of any request by the recipient or within 28 days of becoming aware of the adjustment.

# 5. Accounting for GST on Expenses

## 5.1 Entitlement to Recover Input Tax Credits

Input tax credits are available where “creditable acquisitions” are made by an entity. Section 11-5 of the GST Act provides that a creditable acquisition is made where:

- (a) *You acquire anything solely or partly for a creditable purpose;*
- (b) *The supply of the thing to you is a taxable supply;*
- (c) *You provide, or are liable to provide, consideration for the supply; and*
- (d) *You are registered or required to be registered.*

The “creditable purpose” requirement under paragraph (a) above essentially means that a UCA Group entity will not be entitled to claim input tax credits to the extent that the acquisition relates to making input taxed supplies or if the acquisition relates to private or non-business purposes.

Where a UCA Group entity makes acquisitions that relate solely to making taxable or GST-free supplies, the UCA Group entity is entitled to claim input tax credits in full, provided that valid tax invoices are held at the time of BAS lodgement.

Note that a GST religious group is treated as a single entity for GST purposes. As such, each member of the GST religious group must look at the purpose of the group as a whole in making the acquisition to determine the extent to which that member's acquisitions are for a creditable purpose.

### 5.1.1 Financial Acquisitions Threshold

An entity is generally not entitled to claim input tax credits on acquisitions that relate to making financial supplies (“**financial acquisitions**”), except in circumstances where the financial acquisitions threshold (“**FAT**”) has not been exceeded. There are other exceptions (e.g. the borrowing exemption and reduced credit acquisitions), however, these are not considered in detail in this GST Manual.

Broadly, the FAT will be exceeded where the input tax credits on financial acquisitions exceeds one of the following in either the ‘current’ or ‘future’ periods;

- \$150,000; or
- 10% of the total amount of input tax credits to which the entity would be entitled for all of its acquisitions.

The current period includes the current month and the previous 11 months and the future period includes the current month and the next 11 months.

Note that the FAT provisions apply to each individual member of the GST religious group. That is, the individual member of the GST religious group is required to ascertain whether it exceeds the FAT. Financial acquisitions for GST religious group members are those acquisitions that relate to the making of financial supplies (other than a financial supply consisting of a borrowing) looking at the purpose of the GST religious group as a whole in making the acquisition.

Where a UCA Group entity makes financial supplies (e.g. investment income) and incurs related expenses, the entity should test the FAT periodically to determine whether the FAT is breached and to ensure that GST is claimed correctly on such financial acquisitions. The FAT should also be tested where the UCA Group entity anticipates that it will make material financial supplies (e.g. a share acquisition) in the course of its business.

In line with ATO governance expectations, each UCA Group entity should document and record instances where the FAT is tested, in order to demonstrate whether it is eligible to claim input tax credits on any financial acquisitions.

### 5.1.2 General input tax credit entitlement

The following checklist can be used as a guide to determine whether the requirements to claim an input tax credit are satisfied:

Condition	Condition satisfied?
1 The purchase is intended to be used solely or partly for business purposes (i.e. not for private purposes), and the purchase does not relate to making input taxed supplies.	
2 The purchase price included GST.	
3 The UCA Group entity provided, or was liable to provide, payment for the purchase.	
4 The UCA Group entity holds a valid tax invoice for the purchase (if it was more than \$82.50 including GST) at the time of lodging its BAS. See section 4.13.1 for valid tax invoice requirements.	
5 The input tax credit claim is within four years from the due date of the earliest BAS in which the input tax credit could have been claimed, setting aside any requirement to hold a valid tax invoice.	
6 The vendor has a valid ABN and was registered for GST as at the date the supply was made.	

While there is no requirement under the GST law to hold a tax invoice for GST claims relating to purchases less than \$82.50, the ATO does recommend that some form of documentation is maintained to substantiate such purchases regardless, for example a cash register docket, a receipt or an invoice. If such documentation is not available, a record of the purchase should be maintained, such as a diary entry with:

- The name and ABN of the supplier;
- The date of purchase;
- A description of the items purchased; and
- The amount paid.

## 5.2 GST Codes for Acquisitions

It is generally the supplier's responsibility to determine the appropriate GST treatment for a supply. As such, a UCA Group entity should code the expense as either subject to GST (i.e. GST on Expenses) or not subject to GST depending on whether GST has been included on the supplier invoice. Note that GST-free concessions (such as in relation to religious services) are not applicable for expenses; they only relate to the GST treatment of UCA Group's supplies.

Where GST is included on the expense, it will not be recoverable where it relates to making input taxed supplies, such as renting residential premises at greater than 75% of market rate. Such acquisitions should be clearly distinguished to ensure they are not erroneously claimed, which is the purpose of having a creditable (i.e. GST is recoverable) and non-creditable (i.e. GST is not recoverable) code for expenses subject to GST.

Where there are expense accounts relating to acquisitions that would be both creditable and non-creditable (for example, electricity costs that relate to some GST-free rentals that are less than 75% market value, and some that relate to input taxed rentals that are above 75% market value), it would be advisable to have a creditable and non-creditable subaccount to ensure GST incurred on the expenses is not incorrectly claimed or denied in the BAS.

Refer to the table below for the appropriate GST code for various types of acquisitions.

<b>GST Code</b>	<b>GST incurred on supplier invoice?</b>	<b>Claim input tax credits?</b>	<b>Report on BAS?</b>	<b>Examples</b>
<b>BAS Excluded (out of scope)</b>	N/A	N/A	No	<ul style="list-style-type: none"> <li>• Intra-religious GST group transactions</li> <li>• Employee-related payments (e.g. staff wages, superannuation payments, ministry agent stipends)</li> <li>• Payment of rates and taxes (e.g. council / shire rates, land tax)</li> </ul>
<b>GST on Expense (Creditable)</b>	Yes	Yes	Yes	<ul style="list-style-type: none"> <li>• Commercial rent</li> <li>• Legal and accounting fees</li> <li>• Electricity costs related to making taxable or GST-free supplies (e.g. income from commercial rent, income from residential rent below 75% of market value)</li> </ul>
<b>GST on Expense (Non-Creditable)</b>	Yes	No	Yes	<ul style="list-style-type: none"> <li>• Electricity costs related to making input taxed supplies (e.g. income from residential rent at or above 75% of market value)</li> </ul>
<b>GST Free Expense</b>	No	No	Yes	<ul style="list-style-type: none"> <li>• Water rates</li> <li>• Basic food items</li> </ul>
<b>Input Taxed Expense</b>	No	No	Yes	<ul style="list-style-type: none"> <li>• Residential rent</li> <li>• Bank fees and charges</li> </ul>

### 5.3 Timing of Recognition of GST on Expenses

Where a UCA Group entity accounts for GST on a cash basis, input tax credits on an acquisition are attributable to the tax period in which the UCA Group entity made payment for the acquisition.

Where a UCA Group entity accounts for GST on an accruals (non-cash) basis, input tax credits are attributable to the earlier of:

- The tax period in which the UCA Group entity pays any consideration for the acquisition; or
- The tax period in which the UCA Group entity receives a tax invoice for the acquisition.

However, the GST cannot be claimed in a particular tax period unless a valid tax invoice (for purchases that exceed \$82.50 including GST) is held at the time that the BAS for that period is lodged with the ATO. See section 5.1.2 for a checklist on claiming input tax credits. Generally, there is a four-year time limit for claiming input tax credits. This time limit ends four years from the due date of the earliest BAS in which the input tax credit could have been claimed, setting aside any requirement to hold a valid tax invoice.

### 5.4 Agency Arrangements (Acquisitions)

Under the general agency rules contained in Subdivision 153-A of the GST Act, where an entity (the principal) makes a creditable acquisition through an agent, it is the principal who is entitled to input tax credits on the acquisitions. The principal is also required to report acquisitions made through its agent in its BAS. The agent should not report such acquisitions in its BAS.

Given that when consideration was provided or an invoice was received by an agent may not be immediately known to the principal, the Commissioner of Taxation has made a determination that the input tax credits to which the principal is entitled will be attributable to the earlier of the following:

- The tax period in which the principal became aware that any of the consideration has been provided; or
- The tax period in which the principal became aware that an invoice has been received.

For the purposes of the tax invoice requirements for claiming input tax credits, either the principal or the agent may hold the relevant tax invoice at the time that the principal lodges its BAS for the relevant tax period.

## 5.5 Reimbursements and Disbursements

The GST treatment of on-charged costs will depend on the precise circumstances and contractual arrangements.

For GST purposes, there is an important distinction between costs that are reimbursed and costs that are disbursed. A reimbursement is made where an entity incurs a cost in its own legal capacity and then on-charges that cost to another entity. On the other hand, a disbursement is made where an entity incurs a cost on behalf of (i.e. as paying agent of) another entity and then separately recovers that cost from the other entity.

### 5.5.1 Reimbursements

A reimbursement occurs where entity 1 incurs an expense in its own legal capacity in order to perform services supplied to entity 2 and then seeks to recover that expense from entity 2. GST will be payable on the reimbursement on-charged to entity 2. This is because the reimbursement is part of the consideration payable by entity 2 for services supplied by entity 1. The outcome is the same regardless of whether the reimbursement is separately itemised or included as part of entity 1's overall fee. Entity 1 is entitled to claim an input tax credit for the GST paid on the initial expense to the extent that it is a creditable acquisition. Entity 2 is also entitled to claim an input tax credit for the GST paid on the reimbursement to entity 1 to the extent that it is a creditable acquisition.

### 5.5.2 Disbursements

A reimbursement occurs where entity 1 incurs an expense on behalf of (i.e. in its capacity as paying agent of) entity 2 and then seeks to recover that expense from entity 2. No GST will be payable on the reimbursement on-charged to entity 2. This is because the goods or services to which the disbursement relates are supplied to entity 2, not to entity 1, by a third party. In addition, the reimbursement forms no part of the consideration payable by entity 2 for any supply of services by entity 1.

## 5.6 Entertainment Expenses

The general rules around claiming input tax credits for employee and client entertainment is summarised below:

*Entertainment expenditure incurred in relation to employees:*

- Subject to FBT;
- Income tax deductible; and
- Input tax credit available for GST purposes.

*Entertainment expenditure incurred in relation to non-employees (e.g. clients):*

- Not subject to FBT;
- No income tax deduction; and
- No input tax credit available for GST purposes.

Input tax credits are only available on entertainment expenditure that is subject to FBT. As such, a UCA Group entity will only be entitled to claim input tax credits on entertainment expenditure to the extent that it pays FBT on that expenditure.

## 5.7 Employee Reimbursements

Where a UCA Group entity reimburses employees for taxable expenses they have incurred that are directly linked to the UCA Group entity's business activities, the UCA Group entity is entitled to treat such a reimbursement as consideration for an acquisition. In addition, the acquisition is not prevented from being a creditable acquisition due to the fact that there has been no taxable supply from the employee to the employer.

As such, the UCA Group entity will generally be entitled to claim a corresponding input tax credit in respect of the reimbursement in the normal way (provided the employee has given the UCA Group entity a valid tax invoice for the expense if it is more than \$82.50 including GST). This includes the payment of an expense payment benefit.

The employee must not claim an input tax credit for the same expense.

However, the UCA Group entity will not be entitled to an input tax credit in respect of the following payments to employees:

- Reimbursement of non-deductible expenses, such as the portion of expenses relating to entertaining clients.
- Reimbursement of expenses relating to any input taxed supplies that the UCA Group entity makes (for example, supplies of rental premises for rent at the GST-inclusive market value). This exclusion applies regardless of the financial acquisitions threshold (FAT), which is only relevant to input taxed financial supplies.
- Reimbursement of expenses relating to any input taxed financial supplies that the UCA Group entity makes (for example, the purchase of shares), unless the financial acquisitions threshold is not exceeded.
- Payment of an allowance i.e. payment of an amount for an estimated expense without requiring the employee to repay any excess.
- Payment based on a notional expense, for example, a cents-per-kilometre payment to cover work-related use of an employee's private car.

# 6. Compliance and Lodgement

## 6.1 Verifying Registration Details

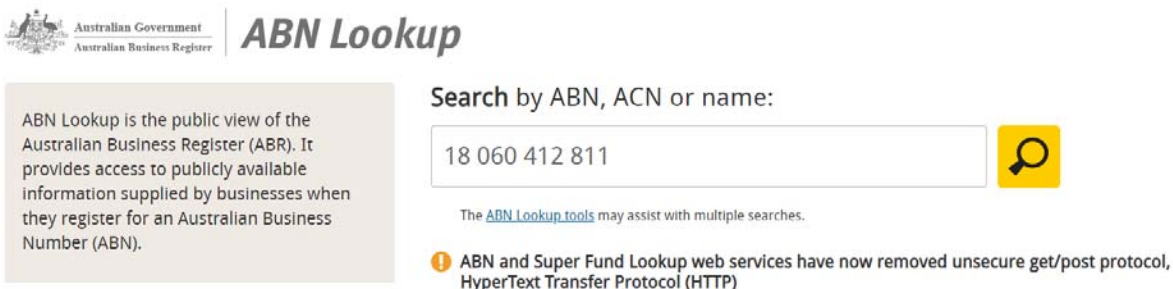
UCA Group should implement the following validation process to check the ABN and GST registration status of suppliers, using the Australian Business Register's ABN Lookup tool. This should be done initially on vendor set up and periodically thereafter.

It is important to note that if the ABN of a supplier is invalid (or if the supplier invoice does not show the supplier's ABN and the supplier's ABN was not provided to UCA Group in any other way), ABN withholding is triggered at the rate of 47% (representing the current top rate of tax) of the invoice amount. UCA Group is required to withhold and pay this amount directly to the ATO – usually by reporting the withheld amount at label W4 of the BAS. Furthermore, where an ABN provided by a supplier is invalid, any GST included in the purchase price should not be claimed by UCA Group as an input tax credit. Such purchases should be coded to a separate GST code specifically for ABN Withholding.

A 'PAYG payment summary – withholding where ABN not quoted' form should be completed and given to the supplier at the same time that the net amount is paid to them (or as soon as practicable afterwards). This form can be found on the ATO website at the following link: <https://www.ato.gov.au/forms-and-instructions/payg-payment-summary-withholding-where-abn-not-quoted>.

A copy of the payment summary should be retained to help prepare the 'PAYG withholding where ABN not quoted – annual report' which should be completed and lodged with the ATO by 31 October each year.

1. Go to the ABN Lookup website (<https://abr.business.gov.au/>) and input the entity's ABN, ACN or company name and click on the search button.



ABN Lookup is the public view of the Australian Business Register (ABR). It provides access to publicly available information supplied by businesses when they register for an Australian Business Number (ABN).

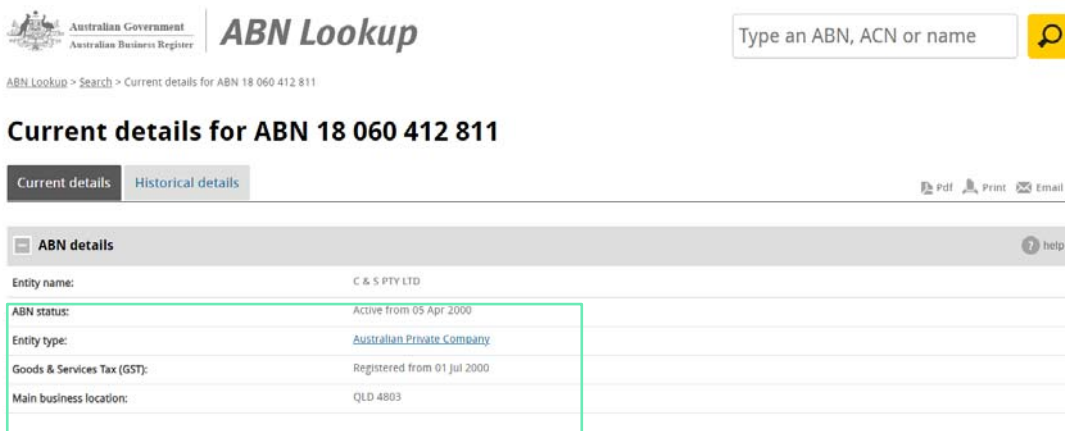
Search by ABN, ACN or name:

18 060 412 811

The [ABN Lookup tools](#) may assist with multiple searches.

! ABN and Super Fund Lookup web services have now removed unsecure get/post protocol, HyperText Transfer Protocol (HTTP)

2. Review the registration details under the "Current details" tab.



ABN Lookup > Search > Current details for ABN 18 060 412 811

### Current details for ABN 18 060 412 811

Current details | Historical details

PDF Print Email

ABN details help

Entity name:	C & S PTY LTD
ABN status:	Active from 05 Apr 2000
Entity type:	Australian Private Company
Goods & Services Tax (GST):	Registered from 01 Jul 2000
Main business location:	QLD 4803

As demonstrated, the ABN status for the example entity above, C & S Pty Ltd, is active from 5 April 2000, and the GST registration is effective from 1 July 2000. The entity is registered as an Australian Private Company.

## Bulk Verifications

For bulk verification of ABNs or names, UCA Group may use the ATO's bulk ABN lookup tool, available via the ABN Lookup website or through the ATO's data services. This can assist with reviewing multiple suppliers efficiently. Refer to: <https://abr.business.gov.au/BulkSearch.aspx>.

## 6.2 Documentation and Record Keeping

Written evidence of each UCA Group entity's income and expenses should be maintained so that it can substantiate transactions to the ATO if required.

Generally, businesses are required to keep a copy of their BAS along with the records used to prepare it – including any estimates, determinations or calculations made under the GST legislation – until the latest of:

- Five years after the transaction occurred or the estimate, determination or calculation was made;
- Four years after the BAS was lodged; or
- If a UCA Group entity's assessment has been amended, four years after the date the UCA Group entity received the notice of amended assessment.

All records should be in writing and in English, and information stored electronically must be in a form that is readily accessible.

The Commissioner of Taxation's record retention guidelines are set out in Taxation Ruling TR 96/7 ("TR 96/7"), the key comments of which include:

- A record will "explain" transactions if it contains information, which will enable ATO staff with accounting skills to understand the essential features of the transactions and to determine liability quickly and easily with minimal assistance from UCA Group.
- The minimum information required of a record is the date, amount and character (e.g. sale, purchase, rental etc.) of the transactions. In some circumstances, information about the purpose of, and the relationships between, the parties to transactions will be required. If a group of records is required for the purposes of explaining the essential features of a transaction (e.g. summary statements of credit card transactions for a particular period), then the group must be retained.
- A record should be made of transactions as they occur or, if that is not possible, as soon as practical after the transactions have occurred.
- Where a large number of documents are kept in a more convenient form (e.g. on USB drive), the substitute must contain the same information about the essential features of the transactions as do the contemporaneous records.

## 6.3 BAS Lodgement Due Dates

The due date for monthly BAS lodgements is the 21<sup>st</sup> day of the month following the end of the monthly period. If the 21<sup>st</sup> falls on a weekend or public holiday, the due date will be the next business day.

Having a monthly BAS lodgement cycle means it is essential that internal preparation and review timeframes are followed.

The due date for quarterly BAS lodgements is the 28<sup>th</sup> day of the month following the end of the quarterly period. If the 28<sup>th</sup> falls on a weekend or public holiday, the due date will be the next business day.

## 6.4 Common GST Reporting Errors

The following table provides a summary of common GST errors made by organisations such as UCA Group.

Error	Description
Incorrect record-keeping and invoicing	<ul style="list-style-type: none"> <li>• Issuing tax invoices that do not meet the requirements of the GST law (see section 4.13.1).</li> <li>• Claiming GST credits on 1/11<sup>th</sup> of all expenses instead of considering eligibility at the transaction level.</li> <li>• Failing to keep appropriate records where a supplier does not quote an ABN (which triggers ABN withholding requirements).</li> </ul>
Failure to maintain tax invoice integrity	<p>The UCA Group entity must have a valid tax invoice at the time of lodging its BAS to claim input tax credits if the acquisition is over \$82.50 (including GST). The following should also be avoided:</p> <ul style="list-style-type: none"> <li>• Claiming input tax credits on supplier invoices where an ABN is provided but no current GST registration exists.</li> <li>• Paying an invoice where an ABN and GST registration is no longer valid.</li> <li>• Claiming input tax credits against tax invoices that are not addressed to the entity making the claim.</li> </ul>
Incorrectly reporting sales at label G1 of the BAS	<p>All reportable payments and other consideration received during the period must be disclosed at label G1 of the BAS. This includes GST-free supplies (which should also be disclosed at label G3) and input taxed supplies. However, payments which are not consideration for a supply (such as gifts), and other out of scope supplies, should not be reported at label G1.</p>
Not performing reconciliations periodically	<p>GST figures should be periodically reconciled to sales reported in the financial statements and taxable income reported in the income tax return, where relevant. The ATO has placed increased focus on reconciling tax to accounting figures and expects significant variances to be documented and explained. This also provides a level of assurance that the correct amount of GST is being reported and paid.</p>

## 6.5 Correcting GST Errors

Where an error is identified after a particular BAS is lodged, it is possible to correct that error within four years of the due date of the lodged BAS in certain circumstances. If the relevant conditions are satisfied, the correction may be made by either:

- 1 Revising the lodged BAS; or
- 2 Correcting the error in a subsequent BAS (subject to the conditions set out in *A New Tax System (Goods and Services Tax) (Correcting GST Errors) Determination 2023* (“**LI 2023/32**”).

Under LI 2023/32, it is necessary to distinguish between a “credit error” and a “debit error”.

Broadly speaking, a credit error occurs where a taxpayer has reported too much GST payable, for example by reporting GST on a sale twice or failing to claim an available input tax credit. A credit error can be corrected by way of either method (1) or (2) above, within four years of the due date of the BAS in which the error was made. Upon correcting the credit error, the taxpayer’s net GST liability for that tax period is reduced.

On the other hand, a debit error occurs where a taxpayer under-reports its GST liability, for example by failing to report GST on a sale or by claiming excess input tax credits. A debit error can only be corrected by way of method (1) above, unless the below conditions are satisfied, in which case method (2) is permitted:

- The error was not a result of recklessness as to the operation of a GST law or intentional disregard of a GST law (an honest mistake generally does not constitute recklessness);
- The error corrected is within the debit error time limit (see table below); and

- The net sum of the debit errors (being the under-reported GST amounts) for the relevant BAS is within the debit error value limit (see table below).

Current GST turnover	Debit error time limit	Debit error value limit
Less than \$20 million	Within 18 months of the due date of the BAS in which the error was made	Less than \$12,500
\$20 million to less than \$100 million	Within 12 months of the due date of the BAS in which the error was made	Less than \$25,000
\$100 million to less than \$500 million	Within 12 months of the due date of the BAS in which the error was made	Less than \$50,000
\$500 million to less than \$1 billion	Within 12 months of the due date of the BAS in which the error was made	Less than \$100,000
\$1 billion and over	Within 12 months of the due date of the BAS in which the error was made	Less than \$560,000

## 6.6 Escalation Process

Where there is uncertainty in respect of a GST position, the transaction represents a significant or unusual transaction, and/or the matter is contentious, UCA Group should follow the process outlined below to ensure that the correct GST outcome is reached:

- 1 **Internal escalation** – the query is to be addressed by reviewing information in this GST Manual as well as other available information to arrive at a reasonable position. This position is then discussed with the relevant team leader/manager for approval. The results of this discussion are documented to serve as an audit trail for verification purposes.
- 2 **Expert Advice** – where there is uncertainty in respect of a GST position and this cannot be resolved through the internal escalation process above, UCA Group should engage expert tax advisors such as Grant Thornton to confirm the correct position.
- 3 **Private Binding Rulings** – to the extent expert advisors are not able to reach a definitive conclusion and there is a material GST risk, UCA Group should seek to obtain a private binding ruling in respect of the GST implications of the matter from the ATO. Expert tax advisors such as Grant Thornton can assist with this.

In addition, employees of UCA Group that have a role in the GST process should undergo regular training (at least annually) to ensure that their knowledge is kept up to date. This includes attending training events held by professional advisors along with reviewing communications in respect of any relevant changes in GST legislation.

When a GST training session is conducted, it is important to keep records for governance purposes, including the date of the training, training content, name of provider and a staff attendance list.

## 7. Glossary

<b>ABN</b>	Australian Business Number
<b>ABR</b>	Australian Business Register
<b>Acquisition</b>	Any form of acquisition whatsoever, including an acquisition of goods, an acquisition of services, an acquisition of something the supply of which is a financial supply etc.
<b>Adjustment note</b>	A document that complies with the requirements in section 29-75 of the GST Act (see section 4.13.3 of this GST Manual)
<b>ATO</b>	Australian Taxation Office
<b>BAS</b>	Business Activity Statement
<b>Grant Thornton</b>	Grant Thornton Australia Limited
<b>GST</b>	Goods and Services Tax
<b>GST Act</b>	<i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i>
<b>GST Regulations</b>	<i>A New Tax System (Goods and Services Tax) Regulations 2019</i>
<b>GST-free</b>	GST-free under Division 38 of the GST Act or under a provision of another Act
<b>Endorsed charity</b>	An entity that: <ul style="list-style-type: none"><li>• Is an ACNC-registered charity;</li><li>• Has an ABN; and</li><li>• Has applied for endorsement as a charity in accordance with Division 426 in Schedule 1 to the <i>Taxation Administration Act 1953</i> (i.e. has been endorsed for GST concessions by the ATO).</li></ul>
<b>Input tax credit</b>	An entitlement arising under section 11-20 or 15-15 of the GST Act – broadly speaking, GST recoverable on a creditable acquisition or importation
<b>Input taxed</b>	Input taxed under Division 40 of the GST Act or under a provision of another Act
<b>Supply</b>	Any form of supply whatsoever, including a supply of goods, a supply of services, a financial supply etc.
<b>TAA</b>	<i>Taxation Administration Act 1953 (Cth)</i>
<b>Tax invoice</b>	A document that complies with the requirements in section 29-70 of the GST Act (see section 4.13.1 of this GST Manual)

# Appendix A – Supplementary GST Manual

# Appendix B – ATO Interactions

*To be periodically updated for UCA Group's interactions with the ATO over the four most recent years.*

# Appendix C – GST Advice Obtained from Tax Advisors

*To be periodically updated for any advice obtained by UCA Group from external tax advisors over the four most recent years.*

# Appendix D – ATO Rulings and Guidance

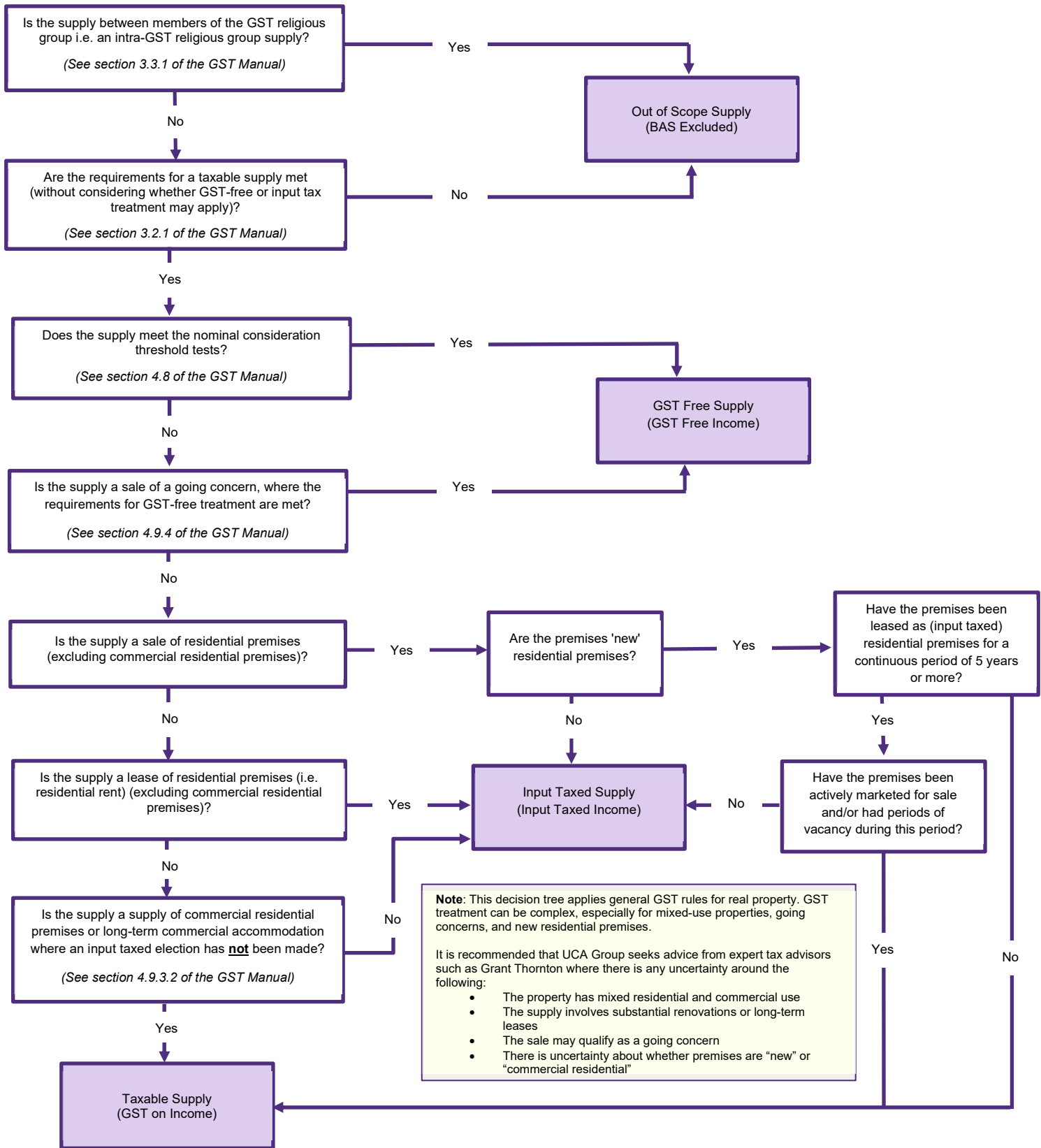
*To be periodically updated to add any ATO rulings or guidance used as a reference to support any GST positions adopted.*

The following is a list of Goods and Services Tax Rulings (“**GSTR**”) and other relevant ATO publications that can serve as a point of reference for staff should they have any queries regarding the particular application of a GST concept.

<b>Ruling / ATO Guidelines</b>	<b>Description</b>
<b>GSTR 2000/1</b>	Adjustment notes
<b>GSTR 2000/19</b>	Adjustment events
<b>GSTR 2000/29</b>	GST attribution
<b>GSTR 2000/37</b>	Agency relationships
<b>GSTR 2001/8</b>	Mixed and composite supplies
<b>GSTR 2003/9</b>	Financial acquisitions threshold
<b>GSTR 2006/9</b>	What constitutes a supply?
<b>GSTR 2012/2</b>	Financial assistance payments
<b>GSTR 2013/1</b>	Tax invoices
<b>GST Determination 2023 LI 2023/20</b>	Recipient Created Tax Invoices
<b>GST Determination 2023 LI 2023/32</b>	Correcting GST Errors
<a href="#"><u>Goods and Services Tax Industry Issues Charities Consultative Committee publication</u></a>	Non-commercial activities of charities, cost of supply and market value tests
<a href="#"><u>GST Issues Register: Charities Consultative Committee Resolved Issues Part 10</u></a>	Religious Institutions and Services
<b>PCG 2022/3</b>	Residential colleges

# Appendix E – Real Property Decision Tree

## Decision Tree – GST treatment of supplies of / income from real property (including accommodation)



LEGEND		
<p><b>Residential premises:</b> land or a building that:</p> <ul style="list-style-type: none"> <li>• is occupied as a residence or for residential accommodation; or</li> <li>• is intended to be occupied, and is capable of being occupied, as a residence or for residential accommodation.</li> </ul> <p><i>Note premises do not have to be used as residential premises to qualify as residential premises.</i></p>	<p><b>New residential premises:</b> premises which:</p> <ul style="list-style-type: none"> <li>• Have not previously been sold as residential premises (other than commercial residential premises) and have not previously been the subject of a long-term lease;</li> <li>• Have been created through substantial renovations of a building (i.e. renovations in which all, or substantially all, of a building is removed or is replaced – although the renovations need not involve removal or replacement of foundations, external walls, interior supporting walls, floors, roof or staircases); or</li> <li>• Have been built, or contain a building that has been built, to replace demolished premises on the same land.</li> </ul>	<p><b>Commercial residential premises:</b> any of the following properties:</p> <ul style="list-style-type: none"> <li>• Hotels, motels, inns, hostels and boarding accommodation;</li> <li>• Boarding school accommodation;</li> <li>• Ships let out on hire in the ordinary course of a business of letting out on hire;</li> <li>• Ships let out on hire or used for entertainment or transport;</li> <li>• Marina berths for ships used as residences;</li> <li>• Caravan parks and camping grounds (under Div 87 of the GST Act); and</li> <li>• "Anything similar".</li> </ul> <p>However, premises that are used, or partly used, to provide accommodation to students in connection with an education institution that is not a school (such as university colleges) are excluded from the definition.</p>