

## **GST TIPS**

### **1. When to register for GST?**

- turnover > \$150,000 (turnover excludes donations and offerings) or
- if the church chooses to claim GST refunds

### **2. What are the church's obligations for GST?**

- Keep records of all payments (invoices, recipient created tax invoices, receipts, payment declaration forms and vouchers) except if less than \$82.50 (GST inc)
- Lodge BAS (accounting softwares can generate BAS)
- Keep all documentation when determining if an event is GST-free or input taxed (eg: minutes of board meeting, advice from external accountant, church's analysis of the event)

### **3. Taxable or not?**

<b>Events</b>	<b>Type</b>	<b>GST on income</b>	<b>GST on expenses</b>
Camps registration tickets	Taxable	Yes	Yes
*Café, bookshop and merchandise sales	Taxable	Yes	Yes
Royalties paid or received (for GST-registered Australian residents)	Taxable	Yes	Yes
Adult & community education courses	GST-free	No	Yes
Hire of church premises (not a non-commercial activity) even if for a wedding or funeral	Taxable	Yes	Yes
** Spiritual retreats, church camps and religious courses with significant worship or religious study	GST-Free	No	Yes

Social events	Input taxed – fundraising  Or Taxable	No  Yes	No  Yes
Ticket sales for events organised by others but held at church premises	N/A	N/A	N/A
Events organised by others & church packages food/shirts etc	Taxable	Yes	Yes
Funerals	GST-Free	No	Yes
Celebrant fee for organizing weddings or funerals	GST-Free	No	Yes
Inter-dept admin fee/support fee/rental payments	N/A	No	No
Inter-entity admin/support/rental (all entities must be within the same GST group)	N/A	No	No
Not a ticketed event	N/A	No	No
Donations (received / made), including donations towards church plants	N/A	No	No
Grants / sponsorship	Taxable	Yes	Yes
Goods / services supplied free of charge	N/A	No	No
Counselling services by counselors / social workers which are not non-commercial activities	Taxable	Yes	Yes
Sale of donated second-hand goods where goods are not	N/A	No	No

substantially altered			
Residential rents received	Input Taxed	No	No

**\*For café and bookstore sales, the church can individually track each item to determine if it is taxable:**

- Coffee beans, sugar and milk in the cafe are GST-free items. Annual savings could be significant however the burden of recordkeeping might outweigh the savings
- Clearance books in the bookstore which fall under non-commercial activities are GST-free however the burden of recordkeeping might outweigh the savings

**\*\*Consider these factors to determine if it is a spiritual retreat, recreational camp or religious course**

- Camp or course itinerary / program for spiritual content
- Significant spiritual teaching and worship
- Church packaging food on their own or buying from suppliers or at the campsite

#### **4. Non-commercial activities**

- Some goods or services sold by the church (which is a charitable institution or endorsed trustee of a charitable fund) may fall under non-commercial activities.
- There is a financial benefit of assessing some of the church's sale of goods or services as non-commercial activities because the church does not have to charge GST on the sale price and still is able to claim the GST credits in the price of purchase to make the sale
- The sale of goods or services may be GST-free if the sale price that the church charges is the less than:
  - 50% of market value (GST incl) of the good or service or
  - 75% of the amount paid by the church to purchase the good or service that they then sold

- If the church is supplying accommodation, the sale price of the accommodation is GST-free if the amount charged is less than:
  - 75% of market value (GST incl) of the accommodation or
  - 75% of the cost of providing the accommodation
- It may be difficult to determine what the market value is for particular goods or services. However the church could compare with other charities supplying the same or similar goods or services.

### **5. Speakers and performers – general and religious practitioners**

<b>Who</b>	<b>Whose ABN? (ABN must be GST registered)</b>	<b>Invoice / RCTI required</b>
Local speaker / performer	Speaker / performer	Yes
Local religious practitioners	Church	Yes
Overseas suppliers	N/A	N/A
Overseas religious practitioners	N/A	N/A

Note: The church could request for “Statement by Supplier” forms if the relevant criteria apply. However consider the regularity of these forms being used.

### **6. Encourage paying directly to third parties instead of going through the church**

- Young adults going out for supper will pay their own meals directly to the restaurant
- Volunteer team going out for go-kart and pay their entrance fees directly to the go-kart shop
- Church attendees purchase resources from the guest speaker’s booth during weekend services, instead of paying the Church for these resources