

# A Guide to GST and BAS in Australia

---

Everything Australian business owners need to know about collecting, claiming, and reporting GST.

# What's inside

## 01 What is GST?

How much is GST, GST-free sales, how does GST work, GST on imports and exports

---

## 02 Registering for GST

Who needs to register for GST, what do I need to register, choosing an accounting basis, how to register for GST, after GST registration

---

## 03 Calculating GST and Issuing Tax Invoices

How to add GST to prices, what are tax invoices, receipts versus tax invoices

---

## 04 Claiming GST (and Input Tax Credit)

When you can claim GST back, GST tax credits for business expenses, claiming GST back on a bad debt

---

## 05 Working Out Your GST Refund or Bill

The process, avoid nasty surprises with smart bookkeeping, automate your GST calculations

---

## 06 Business Activity Statements

What is BAS, the information needed, turnovers

---



## Chapter 01

# What is GST?

You've probably heard of GST before – it stands for "goods and services tax" and is added to nearly everything you buy in Australia. As it is mostly included in the price on the shelf, you normally wouldn't give it a second thought.

If you're a business owner, you may be required to register for and collect GST. This means:

- You may need to add GST to your prices.
- You will need to send that extra money to the ATO.
- You can claim back any GST that you're charged on business supplies and expenses.

## How Much is GST?

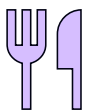
On most sales in Australia, the GST rate is 10%

## GST-free Sales

Some types of products and services can be sold without adding GST, including:

- Staple foods such as fruits and vegetables, meat, most dairy, spices and sauces
- Some education courses and resources
- Some medical and healthcare products and services
- Financial products and services

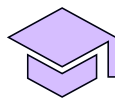
### Foods



### Medical



### Education

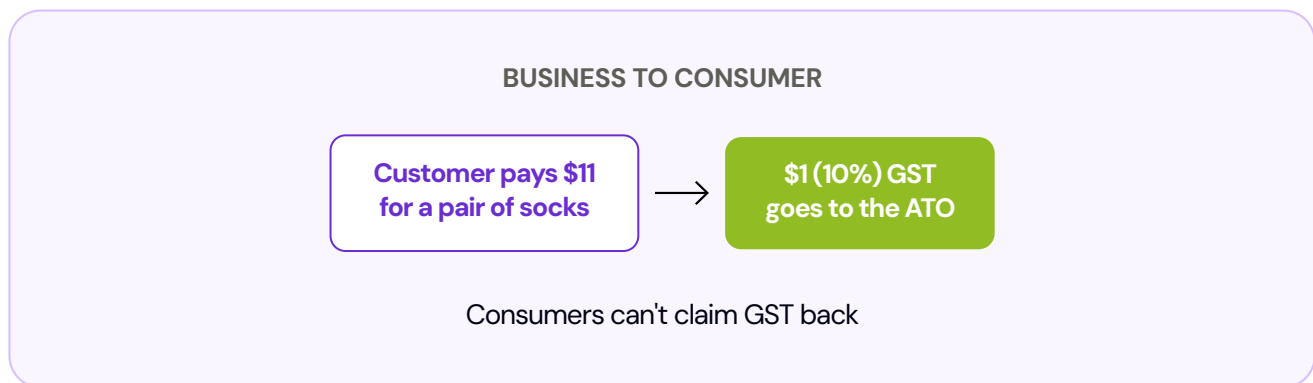


### Financial



You can view a complete list of GST-free goods and services on the [GST-Free Sales ATO page](#).

## How Does GST Work?



## GST on Imports

You will have to pay GST on most imported goods. It's added to the price you paid for the goods, plus shipping costs, and you may have to pay it before customs will release the shipment. You can generally claim the cost back when submitting a GST return. GST-registered businesses don't have to pay GST on services or subscriptions from overseas suppliers.

## GST on Exports

You don't have to charge GST on exports if the goods leave Australia within 60 days of you receiving payment or issuing an invoice, whichever comes first.

## Chapter 02

# Registering for GST

*Find out if your business needs to register for GST. If so, learn how to do it and find out what happens next.*

## Who Needs to Register for GST?

- Australian based businesses with an annual turnover of \$75,000 or more
- Taxi drivers and ride-sharing drivers no matter what their turnover is
- Not for-profit organisations with an annual turnover of \$150,000 or more
- Businesses that want to claim fuel tax credits
- International retailers with total Australian sales of \$75,000 or more a year

Once you're registered for GST, you don't end up paying GST on business expenses. You'll still get charged the GST-inclusive price when you make the purchase, but you can claim that money back when you file your return with the ATO.

## What Do I Need to Register?

You'll need an Australian Business Number (ABN). However, if you're registering as a company, then you'll need an Australian Company Number (ACN) before applying for your ABN.

## Choosing an Accounting Basis

During the registration process, you may be asked how you will account for GST. This decision determines when you owe GST on sales (and when you can claim GST refunds on expenses). There are three options, but they may not all be available to you.

### Cash Accounting

Businesses will only owe GST on a sale once the customer has paid them.

### Accrual Basis Accounting

They owe GST on a sale as soon as they raise an invoice or get paid, whichever comes first.

### Simpler Accounting Method (SAM)

Food retailers can use the SAM method. See the [GST for Food Retailers SAM](#) page on the ATO.

Many businesses use cash accounting for GST, but accrual accounting for income tax. That may sound complex but good accounting software makes it easy to move between the two.



# How to Register for GST

It's simple to register for GST yourself and it costs nothing.

---

## 1 Register Online

You can get your ACN, ABN and register for GST with the [Business Registration Service](#). You can also register for GST through the [ATO Business Portal](#).

---

## 2 Other Ways to Register

You can use form NAT 2954 ([order it from the ATO](#)) or contact the ATO directly.

---

The Business Portal is the primary approach for businesses to communicate with the ATO. It's also where you will submit your business activity statements (BAS). You can also submit your BAS via online accounting software.

## After GST Registration

Once you've registered for GST you need to:

- Add GST to your prices
- Issue tax invoices to your customers
- Keep receipts and invoices to claim back GST on business expenses
- Submit business activity statements (BAS) to the ATO
- Pay any GST due

## Chapter 03

# Calculating GST and Issuing Tax Invoices

*If you're a GST-registered business, you must add GST to your prices. You also need to issue GST invoices to customers. Let's look at the maths and requirements of both.*

## How to Add GST to Prices

You need to put your prices up by 10% and there is a very simple formula to do this.

**Price (ex-GST) × 1.1 = GST-inclusive price**

To extract GST from an inclusive price: divide by 11

## What are Tax Invoices?

A tax invoice tells a customer how much GST they paid on a purchase. It's more important information because some of your customers may be able to claim that tax back. If you're registered, you must issue a GST invoice on request.

## Receipts versus tax invoices

A receipt printed at point of sale is called a tax invoice if it has all this information on it. But it must contain the words 'tax invoice'.

### Key insight

Always ensure your invoices contain the words "tax invoice" — without this, they don't qualify as a valid tax invoice under ATO rules, even if all other details are present.



## Chapter 04

# Claiming GST (and Input Tax Credit)

*GST-registered businesses can claim back the GST they pay on business expenses. They can also sometimes claim back GST paid on income. Let's learn how.*

## When You Can Claim GST Back

You can claim GST back when you've purchased goods or services for your business (input tax credits) and when a customer leaves you with a bad debt.

## GST Tax Credits for Business Expenses

When you buy something for your business, you're usually charged GST. If you're registered for GST, you can claim that back. You do this by claiming a GST tax credit when lodging your business activity statement (BAS). The ATO will balance those credits against the GST you owe when working out your refund or bill.

### **When are expenses split between your business and home?**

If you bought something both for your business and for private use, you can claim a GST credit for the business portion.

### **What happens when you're not collecting any GST?**

You can claim back GST on supplies even if the product or service that you sell is GST free.

## Claiming GST Back on a Bad Debt

If you account for GST on an accrual basis, you can sometimes get caught out by a bad debt. For example, you might raise an invoice and pay GST on the expected income then find your customer doesn't pay you.

Don't worry, you may be able to claim back the GST from the ATO on your next return. If the customer pays later, you will repay the GST then. You can learn more about [bad debt adjustments on this ATO page](#).

## Chapter 05

# Working Out Your GST Refund or Bill

*Working out GST is straightforward maths. Keeping track of all your transactions is the trickiest part. Let's look at the process.*

---

**1 Make a note of the GST paid on your business purchases.**

---

**2 Make a note of the GST collected on sales.**

---

**3 Add both types of GST.**

---

**4 Run the GST formula. If it's a negative, you'll get a refund for that amount.**

---

**GST Collected – GST Paid = Net GST**

e.g. \$2,819.74 – \$1,342.87 = \$1,476.87 owed to ATO

## Avoid Nasty Surprises with Smart Bookkeeping

Like any business, you'll aim to sell more than you buy. If you succeed in doing that, you'll most likely end up with a GST bill to pay. Run the four-step GST calculation regularly so you can:

- Work out how big your GST payment is shaping up to be
- Transfer cash to a separate bank account to cover the GST you'll need to pay

## Automate Your GST Calculations

You can use online accounting software to stay on top of GST. It automatically records GST collected and paid and does the maths for you.



## Chapter 06

# Business Activity Statements

*A business activity statement is a form that you complete between one and twelve times a year, depending on the size of your business.*

## What is BAS?

The ATO uses the information on your BAS to work out your GST refund or bill. It's also used for business income tax (if you're in the pay-as-you-go system), employee income tax, fringe benefit tax, luxury car tax, wine equalisation tax, and fuel tax credits.

## What Information Do You Need?

You'll need a record of how much GST you collected on sales, and how much was paid on purchases. You won't need to submit tax invoices when you lodge your BAS, but you will need to have them on hand. The ATO may ask to see them later.

Because your BAS may also be used for other tax reasons, you will probably need to provide extra information about your business, its income and any employees.

### Via accounting software

Lodge your BAS directly through your online accounting software.

### Through MyGov

Sole traders can lodge through their MyGov account.

### ATO Business Portal

Lodge directly through the ATO's online business portal.

### Tax / BAS Agent

Have a registered tax or BAS agent (generally an accountant or bookkeeper) submit it for you.

## Turnovers & BAS Due Dates

How often you complete a BAS – and when you must submit it, depends on how much business you're doing. That's measured by your annual turnover.

Annual Turnover	Frequency	Due Dates
More than \$20 million	Monthly	Within 21 days of the month closing
Less than \$20 million	Quarterly	Q1: 28 Oct · Q2: 28 Feb · Q3: 28 Apr · Q4: 28 Jul
Less than \$10 million	Annually (optional)	Quarterly instalment of GST still required
Less than \$75,000 (or \$150,000 for non-profits)	Annually	Submitted with income tax return

## GST Payment

If your BAS says that you owe GST, then you are generally required to make that payment on the same day. You can pay online, by mail, or in person at Australia Post.

If you can't afford to pay the GST you owe, you may still be able to avoid a fine by lodging your BAS on time, then working out a payment plan with the ATO.

If you paid more GST than you collected, the ATO will owe you a refund. It will be paid directly into your nominated bank account.

**You may be penalised by the ATO if you blow your BAS deadline without good reason.**

### The Bottom Line

Lodge on time, every time – even if you can't pay. A lodged-but-unpaid BAS gives you far more options than an unlodged one. The ATO is willing to negotiate payment; they are far less forgiving about missing lodgements altogether.





# Sort your GST & BAS. Let's get you moving.

Not sure if you're registered correctly, or worried about a missed BAS?  
Get clear answers and a plan to stay compliant.

[Book for your free consultation and get your plan today](#)

#### **No cost**

Your first chat is free

#### **No jargon**

Plain English, practical advice

#### **No judgement**

We've seen it all before

This guide is intended as general information only and does not constitute legal, tax, or financial advice. You should seek professional advice specific to your circumstances before taking action.

[lawpath.com.au](http://lawpath.com.au)