

## **Australia GST / VAT**

The Australian Goods and Services Tax ('GST') was introduced in July 2000. It is similar to the European Union's VAT system, requiring recalculation and payments to the tax authorities at each transaction point in the onward sales chain.

The Australian GST rate is currently 10%.

### **Requirement to register for Goods and Services Tax**

For foreign companies providing goods or services 'connected with Australia', there may be a statutory obligation to register for GST. This includes the ongoing compliance requirements to file periodic tax returns and pay over any GST due to the Australian tax office. Typical situations requiring an Australian GST registration include:

- Where goods are delivered within Australia;
- If the foreign trader imports, installs or assembles goods in Australia;
- Export of goods from Australia;
- Supply of property, including lease rental; and
- Supplies of services, e.g. consulting services, sport and entertainment events.

### **Goods and Services Tax registration threshold**

There is an annual GST registration threshold of AUD 75,000, based on both the current and projected turnover. It is not compulsory to register if your annual sales turnover is below this amount.

Many companies below this level, however, elect for a voluntary GST registration. This enables them to claim back any Australian GST incurred during the supply of the goods or services. For example, GST on the import of goods, or local sub-contractor invoices.

### **Registering for Goods and Services Tax**

A foreign, non-resident trader is required to appoint an Australian resident tax agent. The agent is responsible for all communications between the company and the Australian tax authorities. In addition, in certain circumstances, the Australian tax authorities will also require a local bank account for payments of tax credits or similar refunds.

### **Goods and Services Tax compliance**

Once registered, companies are required to file periodic GST returns, known as Business Activity Statements ('BAS'). The frequency of these depends on the trader's turnover, and is determined at the time of registration.

The BAS lists all of the company's transactions relating to the supply of the relevant goods or services.

Any GST due should be paid simultaneously with the filing of the BAS return.

In the case of a tax credit (where the GST incurred by the company exceeds the GST charged on its sales in the reporting period), documentary proof related to the transactions is often requested by the tax office.

### **Goods and Services Tax recovery**

There is no provision in Australia for VAT reclaims, along the lines of the European Union's 8<sup>th</sup> & 13<sup>th</sup> VAT Directives. Instead, non-resident companies must register for GST as outlined above.

### **How TMF can help**

TMF can help ensure non-resident companies are fully compliant for Australian GST, and are able to keep any cash flow impact to a minimum. With local professionals on the ground in Melbourne and Sydney, TMF is in regular touch with the tax office, meaning it is often able to get the best settlement possible on behalf of its clients.

GST services that TMF provide include:

- Serving as a foreign trader's Australian tax agent;
- Registering companies with the tax authorities;
- Up-to-date guidance on GST compliance regulations, including invoicing formats and exchange rate conversion rules;
- BAS filings and GST payments;
- Organising repayments of GST credits; and
- Liaising with the tax authorities, and fielding any queries or tax audits