Australian Government
Australian Taxation Office

Legislative Instrument
Goods and Services Tax: Simplified GST Accounting Methods Determination (No. 29) 2015

I, James O'Halloran, Deputy Commissioner of Taxation, make this determination under subsection 123-5(1) of the *A New Tax System (Goods and Services Tax) Act 1999*.

James O'Halloran
Deputy Commissioner of Taxation

Dated: 15 September 2015

Name of Determination

1. This determination is the *A New Tax System (Goods and Services Tax) Act 1999 Simplified GST Accounting Method Determination (No. 29) 2015.*

Commencement

2. This determination commences on the day after registration.

Repeal of previous instrument

3. The following determination is repealed on the commencement of this determination:

- *A New Tax System (Goods and Services Tax) Act 1999 Simplified GST Accounting Methods Determination (No. 1) 2005* (the previous instrument) - F2005B02513, registered on 05/09/2005 is repealed on the commencement of this determination.

Determination (Who is covered by this Determination)

4. This determination applies to:

- entities that have been previously determined in the previous instrument as being able to use the simplified accounting method; or
- entities that have not been determined in the previous instrument, provided it satisfies all the requirements of this instrument.

Classes of entities that may choose to use the simplified accounting method

5. You may choose to use the simplified accounting method in clause 5 for a tax period if:

(a) you are registered for GST throughout the tax period; and

(b) during the tax period, your enterprise consists mainly of selling, as a retailer, a range of food and other domestic goods that is equivalent in breadth to that commonly sold at supermarkets or convenience stores; and

Note: A petrol station is not a convenience store, even if part of its product range is similar to that of a convenience store.

(c) less than 5% of the total consideration for your sales of goods for the tax period is for goods:

(i) that you sell as a taxable supply; and

(ii) that consist of or include goods that were sold to you GST free; and

Examples: A chicken that you cook and sell hot, or a sandwich that you make from bread and fresh ingredients, would count towards the 5% limit under this paragraph, since the ingredients would be at least partly GST-free but the sale would be taxable.

(d) your annual turnover does not exceed $2 million; and

(e) throughout the tax period you have adequate point-of-sale equipment (within the meaning of the A New Tax System (Goods and Services Tax) Act 1999 (Simplified GST Accounting Methods) Determination 2001).

Simplified Accounting Method

6. (1) The simplified accounting method is as follows:

(a) If you account on a cash basis, calculate the total consideration you provide during the tax period for the goods you purchase. If you do not account on a cash basis, calculate the total consideration for those goods you purchase for which an invoice was issued, or any part of the consideration was provided, during the tax period.

(b) Calculate the total consideration for the sales of goods you make during the tax period that are GST-free supplies.

(c) Calculate the total consideration for all of the sales of goods you make during the tax period, whether taxable supplies or GST-free supplies.

(d) Divide the total at (b) by the total at (c) and express the result as a percentage.

(e) Multiply this percentage by the total at (a). (The result is an estimate of your GST-free purchases.)

(f) Subtract (e) from (a). (The result is an estimate of your taxable purchases.)

(g) Multiply (f) by 1/11th. The result is your input tax credit entitlement for the purchases mentioned in paragraph (a). Your net amount for the tax period is otherwise worked out in the normal way.

(2) Paragraphs (1)(a), (b) and (c) do not apply to goods that are:

(a) not held by you for the purposes of sale or exchange in the ordinary course of business; or

(b) not part of the range of food and domestic goods commonly sold at supermarkets or convenience stores; or

(c) held by you in substantially greater quantity or variety than is common for supermarkets or convenience stores; or

(d) alcoholic beverages.

(3) If your GST return for a tax period for which a choice to use this method is not in effect takes into account an input tax credit for a purchase covered by paragraph 5(1)(a) for an earlier tax period, your net amount for that earlier tax period is increased by the amount of that credit.

Definitions

7. Terms in this determination that are defined in the *A New Tax System (Goods and Services Tax) Act 1999* have the same meaning in this determination as they have in that Act.