

# GST

*Goods & Service Tax*

## **WHEN DO I HAVE TO REGISTER?**

When your total business income over a 12-month period hits \$75K (does not include wages or Centrelink income).

## **WHAT IS IT?**

Simply, it's a 10% tax you charge your customers on your sales and claim back GST paid on purchases.

## **IS THERE GST ON ME CASHING OUT FROM ONLINE SITES?**

No there is not. It is considered an Export sale and GST free.

## **SO I MAKE 10% MORE?**

It's designed for you to add on 10% so your customer pays it, not you (the business). You just collect it to pass on to the ATO.

## **SO I MAKE 10% LESS?**

If you don't increase your prices then you will have less in the end.

## **AM I PAYING TAX TWICE NOW?**

No, you pay GST and then you pay Income Tax on the amount after GST. Remember- the GST portion isn't yours.

## **CAN I GET AN EXAMPLE?**

Ok so say you are \$500 per hour. That's what you need to receive. If you aren't GST registered- you get \$500 in your hand and that's yours.

BUT when you are GST registered- you now have to collect 10% on your sales for the ATO.

So if you increase your rate to \$550- then 10% is collected for ATO and you still get \$500.

If you don't increase your rate- then the ATO still get 10% of the \$500 per hour- so now you get \$454.45 per hour.

## SHOULD I BE PUTTING MORE MONEY AWAY IF I AM GST REGISTERED?

Yes, don't get into the habit of spending more if you increase your prices. Your job now as a GST-registered business is to collect money from clients to pass to the ATO.

## HOW DO I CLAIM BACK GST?

Any GST you spend on business purchases will be claimed back in your BAS, reducing the amount you have to pay the ATO. Bought a \$1,100 new phone? You can claim back \$100.

## HOW DO YOU WORK OUT WHAT I PAY?

It's simply 10% on your sales (remember, not online sales) minus 10% on business purchases.

### Example 1

Total Sales (in person) \$55,000

GST on Sales \$5,000

Total Purchases \$11,000

GST on Purchases \$1,000

\$5,000 to pay minus \$1,000 spent = \$4,000 to pay to ATO with BAS

### Example 2

Total Sales (100% Only Fans) \$40,000

GST on Sales \$0.00

Total Purchases \$11,000

GST on Purchases \$1,000

\$0 to pay minus \$1,000 spent = \$1,000 refund from ATO with BAS

### Example 3

Total Sales (in person) \$22,000

Total Sales (Online) \$40,000

Total Sales (all income) \$62,000

GST on Sales \$2,000

Total Purchases \$11,000

GST on Purchases \$1,000

\$2,000 to pay minus \$1,000 spent = \$1,000 to pay ATO with BAS

## ADVANTAGES OF BEING GST REGISTERED

If you want to be considered for a Loan of any sort, most lenders will not consider you if you are not GST registered

