



## What does ‘taxable sales’ mean on the Business Activity Statement (BAS)?

When your business is registered to lodge a BAS statement, you will be required to add a GST amount to your tax invoices, collect the GST from your customers and make the payment to the Australian Taxation Office (ATO) when your BAS is due.

When you invoice your customers, you’ll need to supply them with a tax invoice which shows the GST component of your invoice. But first, you’ll need to work out what your ‘taxable sales’ are.

Taxable sales are defined as sales where GST is payable. Not all goods and services are required to collect GST and you should be aware if this applies to you.

When completing your BAS you must report taxable sales and the GST in their price at:

- G1 Total sales
- 1A GST on sales.

On your BAS you disclose either the GST-inclusive or the GST-exclusive total sales figure at G1. You must indicate your choice.

**Table 1: Taxable sales**

Transaction	Transaction description	GST tax code	Completing your BAS
Goods and services	This is the sale of goods or services you sell in your business.	GST	G1 Total sales 1A GST on sales
Assets	The sale of assets which include office equipment, machinery or transfers of ownership of equipment.	GST	G1 Total sales 1A GST on sales
Property	You may incur GST on the sale or lease of property.	GST	G1 Total sales 1A GST on sales

### GST-free sales

GST-free sales are sales where GST is not payable, but you may claim GST credits for purchases relating to these sales.

When completing your BAS you must report GST-free sales at G1 Total sales.

**Table 2: GST-free sales**

Transaction	Transaction description	GST tax code	Completing your BAS
Fresh food	Most basic food is GST free, but there are exceptions.	No GST	G1 Total sales
Medical and health	Most medical care services and medicines are GST free.	No GST	G1 Total sales
Education	This includes educational courses, materials, excursions.	No GST	G1 Total sales
Childcare	Childcare services that are eligible.	No GST	G1 Total sales
Exported goods and services	Timeframes on good exported from Australia and services. Rules apply.	No GST	G1 Total sales
Sale of business	Sale of a business. Conditions must be met.	No GST	G1 Total sales

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## Input-taxed sales

Input-taxed sales are sales where GST is not payable, and you generally can't claim GST credits for purchases relating to these sales.

When completing your BAS you must report input-taxed sales at G1 Total sales.

Table 3: Input-taxed sales

Transaction	Transaction description	GST tax code	Completing your BAS
Property	Residential rental supplies and premises.	No GST	G1 Total sales
Financial Sales	Sales where the product is money, shares or other securities.	No GST	G1 Total sales
Fund-raising	Charities, gifts and government schools.	No GST	G1 Total sales

## Purchases with GST in the price

You can only claim GST credits for GST included in the price of purchases that you buy or import for your GST-registered business, and that relate to taxable sales or GST-free sales.

To claim GST credits, when completing your BAS you must report the GST included in the price of your purchases at 1B GST on purchases.

You do not report your total purchases.

Table 4: Purchases with GST in the price

Transaction	Transaction description	GST tax code	Completing your BAS
Goods and services	All goods and services that have GST in the price. This includes capital purchases, inventory, running expenses and repairs.	GST	1B GST on purchases
Imported goods (>\$1,000)	Imports of most goods where customs value is greater than \$1,000 which included GST in the price.	GST	1B GST on purchases
Second-hand goods from a GST registered business OR ≤\$300 value	Second hand goods from a GST registered business.	GST	1B GST on purchases
Business expenses for entertainment subject to fringe benefits tax (FBT)	Fringe benefits entertainment related goods and services.	GST	1B GST on purchases
Hire purchase	Hire is treated as a standalone purchase in a tax period.	GST	1B GST on purchases
Lease agreements	Lease agreements are generally subject to GST.	GST	1B GST on purchases
Domestic business-related travel	If you claim GST for travel, it must relate to the business portion only.	GST	1B GST on purchases
Fuel (eg petrol, diesel and fuel blends)	The GST on fuel can be claimed on the business portion.	GST	1B GST on purchases 7D Fuel tax credit

A valid tax invoice for purchases over \$82.50 is required to claim a GST credit.

## Purchases with no GST in the price or where no GST credits can be claimed

Table 5: Purchases with no GST in the price or where no GST credits can be claimed

Transaction	Transaction description	GST tax code	Completing your BAS
GST-free goods and services	This includes most food, medical goods and services and education / educational supplies.	No GST	Not reported on BAS for GST
Purchases from a business not registered for GST	If no GST has been charged from non-registered GST businesses.	No GST	Not reported on BAS for GST
Life and health insurance	Insurance premiums for life or health insurance.	No GST	Not reported on BAS for GST
Motor vehicle private sale	Purchase of a motor vehicle from a private seller not registered for GST.	No GST	Not reported on BAS for GST
Imports - \$1,000 or <	Goods that are imported of a value of \$1,000 or less	No GST	Not reported on BAS for GST
Business expenses for FBT-exempt employee benefits	This includes minor benefits of below \$300, food and drink supplied to employees, taxi travel from a place of work to an external venue such as a home or restaurant.	No GST	Not reported on BAS for GST
Second-hand goods from charity OR >\$300 value	Purchase of a second-hand item from a charitable organisation is GST-free.	No GST	Not reported on BAS for GST
Second-hand goods from charity OR >\$300 value	If you've purchased items over \$300 from a private seller or business not registered for GST, you can claim GST credits if it wasn't included in the price.	GST	1B GST on purchases (claimed at the time you sell the item you have purchased).
International travel	International travel, including domestic leg of an overseas trip, is GST-free.	No GST	Not reported on BAS for GST
Purchases for input-taxed sales	Advice is recommended on input-taxed supplies related to residential accommodation.	No GST	Not reported on BAS for GST
Property	Advice should be sought from a tax professional on GST related property sales or purchases.	No GST	Not reported on BAS for GST

# What does 'taxable sales' mean on the Business Activity Statement (BAS)?

## Mixed purchases (both taxable and GST-free and/or input-taxed components)

Mixed purchases contain both a taxable component and a GST-free and/or input-taxed component. On your BAS, you report the GST in the price of only the taxable component at 1B GST on purchases.

Transaction	Transaction description	GST tax code/Manual override	Completing your BAS
Utility bills: <ul style="list-style-type: none"> <li>• electricity</li> <li>• telephone</li> <li>• internet</li> </ul>	You may claim credits on connection fees, supply and usage charges and call usage that is domestic. You cannot claim GST on interest due to late payments or international or roaming calls.	GST – Code total amount of invoice as 'GST' and manually override GST dollar amount to reflect GST shown on the invoice.	1B GST on purchases Note: only claim GST dollar amount on invoice.
Government rates and water	GST credits can be claimed on rubbish collection fees.	GST – Code total amount of invoice as 'GST' and manually override GST dollar amount to reflect GST shown on the invoice.	1B GST on purchases Note: only claim GST dollar amount on invoice.
Mixed private and business use	You can claim GST on the business related portion of your expenses only. Speak with a tax professional to work out your business related portion.	GST – Note: No manual override should be done because business and private expenses are entered in their respective separate accounts.	1B GST on purchases
Purchase motor vehicle from GST-registered dealer or other business	You may claim GST credits for the GST in the price of the vehicle and insurance.	GST – Note: No manual override should be done because motor vehicle and insurance expenses are entered in their respective separate accounts.	1B GST on purchases
Motor vehicle registration	You can claim GST in the price of the insurance component of the registration. Stamp fees and government registration fees do not have a GST component.	GST – Code total amount of invoice as 'GST' and manually override GST dollar amount to reflect GST shown on the invoice.	1B GST on purchases Note: only claim GST dollar amount on invoice.
Insurance for business use	Only the GST part of the insurance premium can be claimed on the business-related portion only.	GST – Code total amount of invoice as 'GST' and manually override GST dollar amount to reflect GST shown on the invoice.	1B GST on purchases Note: only claim GST dollar amount on invoice.

## Items not reported on the BAS for GST purposes

Transaction	Transaction description	GST tax code	Completing your BAS
Transactions not subject to GST	<ul style="list-style-type: none"> <li>• Private expenses unrelated to your business</li> <li>• Depreciation</li> <li>• Dividends received</li> <li>• Interest paid</li> <li>• Fines</li> <li>• Most Australian government taxes</li> <li>• Bank fees and charges</li> <li>• Principal payments on finance and loan interest</li> <li>• Stamp duty</li> <li>• Sale of your home (main residence)</li> <li>• Superannuation</li> <li>• Salary and wages</li> <li>• Non-deductible entertainment expenses</li> <li>• Donations</li> </ul>	Out of scope/No tax/Not reportable	Not reported on BAS for GST

**Pro Tax Tip:** It pays to know what GST credits you can claim when you need to lodge your BAS. This will offset and minimise the amount of GST you will need to pay to the ATO. It's best to stay on top of your bookkeeping so you know your current businesses financial state.

It doesn't have to be confusing. If figures aren't your strong suit, or if you don't have the time to reconcile your books, it might pay to hire a bookkeeper or accountant for your business.

## Taking care of business

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