

GOODS AND SERVICES TAX (GST) POLICY[®]

DOCUMENT SUMMARY/KEY POINTS

- This policy sets out the SCHN policy for GST compliance. In particular it sets out the compliance requirements for:
 - Contracts
 - Research Grants
 - Seminar brochures
 - Donations
 - Scholarships
 - Revenue – Taxable Supplies
 - Purchases – Payments to suppliers and Purchase Orders
 - Pricing; and
 - NSW Health GST Guidelines and procedures

CHANGE SUMMARY

- Multiple changes throughout document, advise reading entire document.

READ ACKNOWLEDGEMENT

- All staff should be aware of this policy.
- All managers should read and acknowledge this policy.

This document reflects what is currently regarded as safe practice. However, as in any clinical situation, there may be factors which cannot be covered by a single set of guidelines. This document does not replace the need for the application of clinical judgement to each individual presentation.

Approved by:	SCHN Policy, Procedure and Guideline Committee	
Date Effective:	30 th June 2016	Review Period: 3 years
Team Leader:	Senior Financial Accountant	Area/Dept: SCHN Finance

Introduction

The Sydney Children's Hospitals Network (SCHN) is registered for Goods and Services Tax (GST) as an enterprise, in accordance with "[A New Tax System \(Goods & Services Tax\) Act 1999](#)" and is required to pay the Australia Taxation Office (ATO) 1/11 of all considerations received (cash or kind) for providing any supply in the furtherance of the enterprise unless that supply is GST Free or Input Taxed or out of scope of GST.

GST is a tax on final consumption which affects all consumers and enterprises. For GST purposes, the definition of 'enterprise' considers SCHN as an enterprise. SCHN as a registered enterprise is required to pay to the Australian Taxation Office (ATO) 1/11 of all considerations received for providing any taxable supply in the furtherance of the enterprise unless that supply is GST Free or Input Taxed.

SCHN Australian Business Number (ABN) must be used by all departments on their formal documents including official tax invoices and receipts and it should be displayed directly below the Network's name or as close as possible to it.

ABN and GST Registration -

The Sydney Children's Hospitals Network's ABN is **53 188 579 090** and is registered for GST.

For the purpose of the new tax system, the public officers shall be the Director of Finance and Corporate Services; Associate Director, Finance Operations and the Deputy Director of Corporate Services.

GST Issues

Some main GST issues are discussed below -

Contracts

Contracts supplied by contractors and executed by the SCHN shall have a standard GST clause which must be approved by the SCHN Finance Department.

Review and clearance of contracts and legal documents

All contracts and legal documents entered into by the Research Division must be reviewed and signed off by the Research Division Legal Counsel before being executed by SCHN. The contracts and legal documents entered into by other departments outside the Research Division must be reviewed and signed off by the Manager, Corporate Governance & Legal Counsel prior to being executed by SCHN.

Research Grants

Generally, research grants received by the Network are subject to GST. This is because the Network generally undertakes to provide research in return for the grant, whether monetary or in kind contribution. Under GST legislation, research is a supply, and is subject to GST if the grant received, whether monetary or in kind, represents consideration that has a relevant connection with a taxable supply.

Departments applying for Research Grants shall consult with the Tax Accountant or Senior Accountant responsible for taxation in the SCHN Finance Department to determine if GST applies to a grant. A copy of the grant agreement must be forwarded to the Tax Accountant / Senior Accountant for this purpose. The grant shall then be cleared and signed off for GST classification by the Tax Accountant / Senior Accountant.

Grants Register. Details of all the grants received are required to be recorded in a Grants Register. This Register shall be maintained by the Research Directorate. The Finance Department, however, would monitor the entries in the Grants Register for GST compliance.

RCTI Agreement and billing: A department receiving grants or sponsorships from an external organisation shall seek a 'Recipient Created Tax Invoice' Agreement (RCTI Agreement) with the granting organisation, provided the grantor organisation is registered for GST. Either the Director of Finance and Corporate Services or the Associate Director, Finance Operations must sign these agreements on behalf of SCHN.

Once the agreement is signed, a Tax Invoice/s is to be issued by the grantor organisation, on behalf of SCHN, for the term of the RCTI Agreement as long as both the parties – SCHN and the grantor organisation – remain registered for GST, thereby eliminating the need for SCHN to raise such invoices. However, where there is no RCTI Agreement in place, SCHN would issue a Tax Invoice to the grantor.

Where an invoice is required to be issued by the Network, a request to raise an invoice must be forwarded to Accounts Receivable at HealthShare with appropriate information in their prescribed form for them to raise the invoice.

Seminars and Workshop Registration Brochures

All supplies made to external recipients in connection with conferences, seminars and other similar events are subject to GST and include:

- Conference/seminar/workshop/symposium attendance fees,
- Presentation fees,
- Facility hire charges,
- Booking fees,
- Sales of drinks and refreshments (including sales to staff and students),
- Meals charged as part of the conference/seminar/workshop/symposium, and
- Cancellation fees and charges
- Deposits that are not refundable and receipted directly into income are subject to GST.

Seminar brochures sent out to external parties must include the following details:

- The SCHN ABN
- Instruction for payments to be made payable to The Sydney Children's Hospitals Network.
- Advertised fees must be shown inclusive of GST and mentioned as inclusive of GST.

- If the registration form is to be used in lieu of a tax invoice, the wordings “Tax Invoice” and “This document becomes a tax invoice when payment is made. Please keep a copy for your record.” must be shown on the document.
- Terms and conditions of registration, including cancellation policy
- Privacy statement
- Event control number, to be used internally by the event organising Department for identification

Note:

1. If the registration form is used in lieu of a tax invoice, the event organising department must keep all registration copies for audit records for seven years, in the same manner as any invoices are kept.
2. All brochures designed by a SCHN department for conducting seminars or workshops must be forwarded to the Tax Accountant / Senior Accountant for GST compliance sign off.

Donations

Donations are outside the Scope of GST. There is no supply with a true donation. When conditions are attached to the “donation” we need to ensure it remains a “gift” otherwise GST applies and it is no longer a donation. The following statements taken from ATO documents provide more detail on how to determine whether something is really a donation.

- “a gift must be in the nature of a ‘gift’. It must be given by the donor out of generosity or benefaction. A gift is made voluntarily with no material benefit provided to the donor as a result of the gift.”
- “donations given for a specific purpose will not give rise to a GST liability provided they are in the nature of a gift”

A donation made to any NSW Health Entities, even where for a designated purpose, will be regarded as a gift provided no material benefit flows to the provider of the funds. If the donation is not made voluntarily or results in the donor receiving a material benefit, GST will apply and the recipient will be liable to remit 1/11th of the donated amount to the ATO as GST. Examples of material benefit include a meal, entry to an event, sponsorship or advertising rights, but would not include small items like stickers and badges.

Scholarships

The payment of the scholarship to a student is out of the scope of GST. Funding received for scholarships may be treated as donations only if no material benefit passes back to the donor.

Revenue - Taxable Supplies

- GST shall be levied on all taxable supplies made by SCHN (including all of its facilities) and also on all the adjustments issued by SCHN subsequently in relation to such taxable supplies. In general terms, unless we can show otherwise, one eleventh of the gross amount billed/received is required to be remitted to the ATO as GST. All invoices are to be raised through HealthShare.

- A “[Request for Invoice](#)” facility is available on the Intranet in the forms section in the Finance box for departments intending to invoice an external organisation. All details required on the Request for Invoice form must be submitted excluding the GST amount but indicating the GST classification of the individual line items on the Invoice Request. Departments issuing miscellaneous receipts must issue a GST compliant receipt. The receipt must have SCHN’s ABN and must state the amount of GST paid, where applicable. Compliant manual receipt books are available by application from the Finance Department.
- Departments that receive revenue and bank it with the SCHN cashier must clearly identify the taxable, GST-free, Input-taxed and Out of Scope revenue and for the taxable revenue clearly show the GST amount and the GST exclusive amount of revenue. The use of a properly formatted deposit slip can accommodate this. For more details, contact the Tax Accountant / Senior Accountant in the SCHN Finance Department.
- **Food Sold at Food Services Outlets:** All food items and beverages sold in the Staff Cafeteria and Bear Bite will be deemed to have been consumed on the premises. Prices displayed will be the full GST inclusive prices of the items.

Purchases - Taxable Acquisitions

Payments to supplier -

- Payments to suppliers of taxable goods and services acquired by SCHN shall only be made on presentation of GST compliant tax invoices having the correct SCHN name or any of its registered trading names. Non-compliant tax invoices must be rejected and sent back to the supplier marked as “In dispute”
- **PAYG Withholding:** Suppliers of goods or services, who do not quote their ABN, will have withholding tax deducted at the Withholding Tax rate (currently 46.5%) unless you are satisfied that one of the exclusions applies. These exclusions are listed below –
 - total payment to the supplier is \$75 or less excluding any GST;
 - the supplier is an individual under 18 years old, not your employee, and the payments you make to that person do not exceed \$350 per week;
 - the supply is wholly input taxed under GST;
 - the supply is made in the supplier’s private capacity or as their hobby;
 - the payment is exempt income for the supplier – for example, the supplier is an endorsed charity;
 - the payment is to a non-resident who is not carrying on an enterprise in Australia or through an agent in Australia;
 - supplier is not an enterprise because they have no reasonable expectation of profit or gain.

Dealing with suppliers without an ABN, where neither of the above exceptions applies, should be limited to exceptional circumstances where no alternate supplier could be found upon reasonable attempts. Payment should not be made to a supplier on the understanding

that an ABN will be quoted later. If you do, you may be subject to penalties for the amount you did not withhold.

Purchase Orders -

- All requisitions for purchase orders **MUST** be raised using GST exclusive prices.
- The Accounts Payable Department at HealthShare will account for the GST when the invoice is received.

Compliance with NSW Health GST guidelines & procedures

- The SCHN shall comply with the NSW Ministry of Health (MoH) GST guidelines and procedures, as amended from time to time, and posted on its intranet:
<http://internal.health.nsw.gov.au/fcsd/gst.htm>
- Any of the SCHN departments **MUST NOT** deal directly with Australian Taxation Office (ATO) on any Taxation Compliance or Audit issues. All requests for information on Taxation / Compliance etc. and issues raised by ATO must be forwarded to the Tax Accountant / Senior Accountant in the Finance Department.

Related documents

1. A New Tax System (Goods and Services Tax) Act 1999
<https://www.comlaw.gov.au/Details/C2014C00008> (Accessed 2/03/2016)
2. Australian Competition & Consumer Commission “*Authorising and notifying disclosure of pricing and other information*” http://www.accc.gov.au/system/files/Authorising_and_notifying_price_signalling_conduct.pdf
3. NSW Ministry of Health, Finance and Business Management Division: GST
<http://internal.health.nsw.gov.au/fcsd/gst.htm>