

NEWSPAPER ARTICLE – JUNE 2000

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The GST is here and everybody knows that the rate is 10%. Unfortunately when we hear people talking about GST we should only listen to about 10%, because the other 90% is very often misunderstood or just plain wrong. In this article I would like to dispel some of the myths that abound at the present time by listing some important facts.

- Food served in restaurants and cafes is subject to GST
- Fresh meat dishes prepared by a butcher, such as marinades and stir fry, are GST free
- Fruit and vegetables whether cut, sliced, packed or wrapped are GST free
- Any cooked chicken sold at or above room temperature is subject to GST
- Sale of cattle is subject to GST
- Sale of your home is GST free
- Sale of your business as a going concern is GST free
- The only people who need a Tax Invoice are business people
- When 22% sales tax is removed and 10% GST is added the price will not necessarily fall - just trust me
- If you are in business you need an ABN
- Having an ABN does not necessarily mean you are registered for GST
- Only businesses registered for GST can charge GST
- Sporting or social clubs may also need an ABN
- Shop keepers are under pressure - be nice to them
- The \$50000 turnover limit only applies to GST registration not ABN registration
- Business people must obtain an ABN from their suppliers or withhold 48.5% in tax
- Householders are not required to have an ABN or withhold any tax from business people
- Bookkeeping requirements have increased dramatically for most businesses
- You do not necessarily need a computer
- Businesses have been turned into tax collectors
- The cost to business of implementing this new tax system is a burden larger than first expected
- Business will not go broke because of GST
- Business may go broke because of their inability to adapt to the new system

Do not go to your accountant on 1 July with a blank look on your face. Do your homework now, talk to your accountant now. July will be too late. Business people who wait until July to contact their accountant may be looking for a new accountant.