

NEWSPAPER ARTICLE – JULY 2000

Contributed by Bruce Graham - Bruce Graham is a partner in the local accounting practice of Bruce & Neryl Graham. The practice specialises in small business management and has a strong client base in local building, farming and retail business.

The old saying 'You get what you pay for' is very true when it comes to GST. The free advice currently being offered by well meaning friends and workmate at 'smoko' is in many instances worthless. I have been amazed by the inaccuracy of information circulating through the community in relation to GST in the last few weeks. GST experts are popping up everywhere.

I placed an article in the Guardian's June Tax Feature and feel that it is appropriate to follow that up in view of the current level of GST misunderstanding in the community.

Firstly, for business people:

- All businesses must have an ABN regardless of turnover
- A business with a turnover less than \$50000 may choose to register for GST
- A business with a turnover more than \$50000 must register for GST
- Only businesses registered for GST can charge GST and issue a Tax Invoice
- Businesses are to withhold 48.5% tax from another business supplier only when the supplier has no ABN
- Income received by businesses after 30 June for work performed prior to 1 July 2000 is not subject to GST.

Secondly, residential property owners:

- Do not need an ABN
- Do not need to deduct tax from suppliers or tradesmen
- Are entitled to put rents up to recover increased costs directly related to the GST

Finally, for consumers generally:

- There is no GST on fresh fruit, vegetables, meat, bread and milk
- GST shown on your cash register docket does not necessarily mean that your grocery bill has gone up. You need to remember that sales tax has now been removed. Your grocery bill may in fact have fallen
- There is GST on fuel
- All prices displayed in shops INCLUDE GST
- Some shops have not been able to change ALL prices yet - be patient
- If you think a business is overcharging talk to the owner - they may have made a mistake or maybe you have
- Do not ring the ACCC without talking to the business first - customers are more confused than business people
- Small businesses are now unpaid tax collectors whose paperwork requirements have increased dramatically.

Have some sympathy for small business people - they are clearly suffering the brunt of the new tax system - not the consumer.