

# Goods and Services Tax (GST)

## What is GST?

Goods and Services Tax (GST) is a broad-based tax of 10% on the sale of most goods, services and anything else consumed in Australia.

If your organisation is not registered for GST then please refer to the Australian Taxation Office to determine if or when you should register.

## How to register

To register for GST your organisation needs to complete an application form available from the [Australian Tax Office](#).

Before your organisation registers for GST it must have an ABN. You can also register for GST when you [apply for an ABN](#).

## What registering for GST means

Being GST registered means that your organisation:

- must pay the GST it has collected from sales to the ATO
- can claim GST credits for any GST included in the price of business purchases
- must complete a business activity statement (BAS) to report its taxable sales and claim GST credits.

## GST registration and receiving grants

If your organisation receives a grant, please consider if this funding impacts your organisation's need to register for GST.

For organisations that are registered for GST, the department will pay the GST amount on top of the approved funding. See Example 1.

### Example 1

*Club XYZ is approved funding of \$100,000 GST exclusive. The Department will process payments totalling \$110,000 (\$100,000 GST exclusive funding + \$10,000 GST).*

For organisations that are **NOT** registered for GST, the department will only pay the approved GST exclusive funding amount and will not pay any GST on top of the approved funding. See Example 2.



## Example 2

*Club ABC is approved funding of \$100,000 GST exclusive. The Department will only process payments totalling \$100,000 GST exclusive.*

## Not registered for GST and incurring costs

Organisations that are **not** registered for GST need to consider that when paying expenses for their funded project, most expenses will incur GST.

The approved funding cannot be used to pay the GST component of expenses and this can result in a potential project budget shortfall. As such all organisations not registered for GST will be required to incur the GST costs associated with the delivery of the project. See Example 3.

## Example 3

*Club ABC is **NOT** registered for the GST and is approved funding of \$100,000 GST exclusive. When delivering the project, all expenses incur GST, so the total cost of the project comes to \$110,000 (\$100,000 GST exclusive of approved funding + \$10,000 GST incurred in project expenses). The club will need to pay and manage the \$10,000 GST themselves. If Club ABC has not accounted for the \$10,000 GST that they have to manage, there is a potential \$10,000 shortfall in the project budget.*

## GST and acquitting grants

As approved grant amounts **exclude** GST then acquittals should be provided as GST exclusive amounts. Organisations registered for GST must then also calculate the GST component that has also been expended. If there are unspent funds (GST exclusive amount) then this will need to be returned to the department. See Examples 4 and 5.

## Example 4

*Club ABC is approved a grant of \$55,000 GST exclusive for a lighting project.*

*Club ABC is **NOT** registered for GST. The project cost is \$55,000 including GST.*

*As the club needs to acquit GST exclusive, it would acquit the \$50,000 GST exclusive part of the project. As it cannot acquit the full funding paid, the remaining \$5,000 of funding will need to be returned to the department*

## Example 5

*Club XYZ is approved a grant of \$55,000 GST exclusive for lighting.*

*Club XYZ is registered for GST and is paid \$60,500 (including GST).*

*The project cost is \$55,000 including GST.*

*As the club needs to acquit GST exclusive, it would acquit the \$50,000 GST exclusive part of the project. As it cannot acquit the full funding paid, the remaining \$5,000 of funding will need to be returned to the department*

*As the funding paid to the club included a GST component, when funds are returned to the department, the paid GST will also need to be returned, so \$5,500 (GST inclusive) will need to be repaid.*

*Note: Where a GST registered club purchases items that are GST free then the difference in GST paid/received should be calculated and returned as part of the normal BAS processes with the ATO.*

**Please note this advice is general in nature and may not apply to your organisation's circumstances. Please [contact the Australian Tax Office](#) or your accountant for any specific advice.**

## Need further information?

For further information on this and the department's funding programs, please go to the following webpage <https://www.dtis.qld.gov.au/sport/funding-programs> or contact your local Sport and Recreation officer on 13 QGOV (13 7468).