

Valid Tax Invoice

(Source: "Valid tax invoices & GST credits" Nat 12358-109.2007) <http://www.ato.gov.au/content/downloads/n12358092007.pdf>

The valid tax invoice described in this document relates to Australia only.

Invoice \$1,000 or more

A valid tax invoice for taxable sales that total \$1,000 or more must contain:

- the words 'tax invoice' stated prominently
- the name of the supplier
- the ABN of the supplier
- the name of the recipient
- the address or ABN of the recipient
- the date of issue of the tax invoice
- the quantity of the goods or the extent of the services sold
- a brief description of the things sold, and
- the total price of the sale (including GST).

Where the GST to be paid is:

- exactly one-eleventh of the total price, show the GST amount separately **or** provide a statement such as 'total price includes GST', or
- less than one-eleventh of the total price, show the GST amount **and** the total amount excluding GST for the sales.

A valid tax invoice for both a **taxable sale and either a GST-free or input taxed sale**, must also:

- clearly identify each taxable sale
- show the total amount of GST to be paid, and
- show the total amount payable for the sales.

Your tax invoice must contain this information before you use it to work out the correct amount of GST credit you can claim. This is because the amount of GST included on such an invoice will be less than one-eleventh of the total price you are liable to pay.

Invoice less than \$1,000

A valid tax invoice for taxable sales that total **less than \$1,000** must contain:

- the words 'tax invoice' stated prominently
- the name of the supplier
- the ABN of the supplier
- the date of issue of the tax invoice
- a brief description of the goods or services sold, and
- the total price of the sales (including GST).

Where the GST to be paid is:

- exactly one-eleventh of the total price, show the GST amount separately **or** provide a statement such as 'total price includes GST', or
- less than one-eleventh of the total price, show the GST amount **and** the total amount excluding GST for the sales.

Invoice less than \$82.50

To claim GST credits for purchases that cost \$82.50 or less (including GST), you must keep documents such as cash register docketts, receipts or invoices to support your claims.

How do I obtain a tax invoice for my purchase

If you buy taxable goods or services that cost more than \$82.50 (including GST), your supplier must provide you with a tax invoice within 28 days after you request one.

Tax invoices that contain incorrect or incomplete information are not valid. If you receive a tax invoice that is incomplete or incorrect, you should ask your supplier to replace it with a complete and correct tax invoice.

If you want to claim a GST credit but your supplier does not give you a valid tax invoice within 28 days, you can seek ATO permission* to claim the GST credit by providing them with the following information:

- your name, contact details and ABN
- documents relating to the purchase
- the name, address and ABN (if known) of the supplier
- the nature, purpose and quantity of the purchase
- the amount paid or payable, and the amount of GST included, and
- the steps you've taken to obtain a tax invoice.

**All requests for ATO approval should in the first instance be directed to Procurement/Travel within Division of Finance.*

Australian Business Number (ABN)

From 1 July 2000, anyone carrying on an enterprise (this is usually a business) should quote their Australian business number (ABN – an 11 digit number) in relation to goods or services they supply to another enterprise. If they don't, the general rule is that the payer must withhold 46.5% from the payment to the supplier and send the withheld amount to the Tax Office. Some supplies are excluded from this rule.

This means when you purchase something for use in your business, you must **receive and keep a record of your supplier's ABN**. The requirement to quote an ABN applies whether or not you are, or your supplier is, registered for GST.

An ABN must be quoted to you **before** you make any payment for the supply. Normally an ABN will be quoted on the supplier's invoice and you keep this invoice in your business records. A supplier may also quote their ABN to you on another document as long as it relates to the supply they are making. For example, their ABN can be quoted on:

- a quotation notice that relates to the supply
- a renewal notice for insurance or subscriptions
- an order form that you used to order the supply
- receipts
- a contract or lease document
- letterheads, emails or internet records (web pages)
- a catalogue produced by the supplier, or
- a voluntary withholding agreement.

A supplier should quote their ABN to you if they are carrying on an *enterprise*. For tax purposes, *enterprise* means a business and also includes such activities as:

- a service provided to you by a contractor
- the rent of a commercial property, and
- most other things in the nature of trade.

Suppliers excluded from the rule are as follows:

- the total payment to the supplier is \$75 or less, excluding any GST, or
- as a private recreational pursuit or hobby (for example, where someone sells you handicrafts they make as a hobby)
- supplier is a non-profit body
- payment is to a non-resident who is not carrying on a business in Australia or through an agent in Australia.
- The supplier is not an enterprise because they have no reasonable expectation of profit or gain.

A Statement by Supplier form is to be obtained from anyone claiming any of the last 4 items above.

If a supplier does not quote their ABN to you and you are not satisfied that one of the exclusions applies, you must withhold 46.5% of the total payment.

You should also withhold if you doubt that the ABN quoted to you is correct. If you are unsure, you can check the validity of a supplier's ABN by using the Australian business register www.abr.business.gov.au.

Before you withhold, you could offer to hold back payment until the supplier has obtained and quoted their ABN. Delaying the payment is a matter for you and your supplier to work out. However, you should *not* make full payment to the supplier on the understanding that an ABN will be quoted later. If you fail to withhold from the payment, you can be held liable for the amount you did not withhold. You may also be prosecuted.

Statement by a Supplier

(Source: "Statement by a supplier" Nat 3346-09.2007)

A Statement by Supplier form is to be obtained from anyone claiming that the supply was made in connection with any of the following:

- as a private recreational pursuit or hobby (for example, where someone sells you handicrafts they make as a hobby)
- supplier is a non-profit body
- payment is to a non-resident who is not carrying on a business in Australia or through an agent in Australia.
- The supplier is not an enterprise because they have no reasonable expectation of profit or gain.

Blank forms can be obtained from the Australian Tax Office web site:

www.ato.gov.au/content/downloads/nat3346.pdf (You may want to add to your **favourites**)

When we receive a copy of a Statement by Supplier:

1. Photocopy the Statement by Supplier for your records
2. Attach the copy of the Statement by Supplier to the payment voucher.

Please Note: According to the ATO a Statement by Supplier form has no expiry date but must be produced if required by an audit.