

Winning and keeping clients by being ahead of the curve on GST

Host

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Guest Speaker

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A down to earth and practical discussion



Ken Fehily

Director of Fehily Advisory

He'll share some of his experiences over the past quarter century assisting other professionals win and keep clients by getting to the bottom of how GST really impacts their businesses and how to turn GST to their advantage and stay safe from the ATO



GST: Winning and keeping clients by being ahead of the curve on GST

Valuable GST consulting is not simply working out whether something is subject to 10% GST or not

It's only once you work out that answer that you start to give business advice and distinguish Yourself from being a mere bookkeeper

As a GST consultant, I'm agnostic about something being subject to GST or not, especially as

It depends on whether I'm advising the supplier or the recipient

And I can assure you that your clients certainly don't care either, as it only matters how it effects them, if at all

That is, do you really think that your client's' board members, md, coo, backers, investors, Shareholders and other stakeholders care about GST?

What does GST really mean for your clients?

GST is nothing more than a very significant imposition on, or extraction from, the gross proceeds of a business operation that can very seriously impact:

- The fiscal feasibility and viability of an enterprise, whether at start-up, growth, mature or exit phases
- The supplies' respective and continually evolving competitiveness in the marketplace compared to alternatives and substitutes

Hence, it's definitely a business issue, and only one of many other business issues, and one that must be continuously monitored as to how one can turn the GST to their advantage in their particular circumstances and keep them safe from the ATO

Consider making a presentation to a full Board Meeting and asking who is interested in a deep discussion about GST

Primary GST warnings

Watch out for what your clients' competitors are doing, in relation to their supplies, and alternatives and their GST treatments. Maybe they know something you don't

Additionally, watch that consumers are up to, and emerging trends

Finally, keep a watch out for regulatory matters that do or may impact your clients supplies

Don't fall for nonsense comments like "all I want is a level playing field"

Don't be scared of paying GST- be scared of losing business (soft drink and recycled paper examples)

Don't underpay or overpay GST. Tails you lose. Heads the ATO wins.

Revisit the basics first

As advisors, you act for two very discreet clients for whom the GST was specifically designed:

GST is a tax that's imposed on entities making them liable to pay GST on 'supplies' they make for consideration in the course of carrying on an enterprise in Australia

Enterprises, anywhere in the world, can claim input tax credits of the GST they bear for acquisitions they make in the carrying on of an enterprise

Taxable Supplies

A NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT 1999 - SECT 9.5

Taxable supplies

You make a taxable supply if:

- (a) you make the supply for * consideration; and
- (b) the supply is made in the course or furtherance of an * enterprise that you * carry on; and
- (c) the supply is * connected with the indirect tax zone; and
- (d) you are * registered, or * required to be registered.

However, the supply is not a * taxable supply to the extent that it is * GST-free or * input taxed.

Taxable Supplies

A NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT 1999 - SECT 9.10

Meaning of supply

(1) A supply is any form of supply whatsoever.

NOTE

A NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT 1999 - SECT 195.1

Dictionary

In this Act, except so far as the contrary intention appears:

"thing" means anything that can be supplied or imported.

Taxable Supplies

- (2) Without limiting [subsection](#) (1), [supply](#) includes any of these:
- (a) a [supply](#) of [goods](#);
 - (b) a [supply](#) of services;
 - (c) a provision of advice or information;
 - (d) a grant, assignment or surrender of * [real property](#);
 - (e) a creation, grant, transfer, assignment or surrender of any [right](#);
 - (f) a * [financial supply](#);

Taxable Supplies

(g) an entry into, or release from, an obligation:

(i) to do anything; or

(ii) to refrain from an act; or

(iii) to tolerate an act or situation;

(h) any combination of any 2 or more of the matters referred to in [paragraphs](#) (a) to (g).

(3) It does not matter whether it is lawful to do, to refrain from doing or to tolerate the act or situation constituting the [supply](#).

Very real matters that I've consulted on

What follows are all very real matters referred to me for resolution by:

- Accountants, lawyers, Barristers, insolvency practitioners,
- Financiers, property consultants, industry associations
- ATO and State/Federal Treasury.

GST Registrations

- Current and Prospective (and exclusions)
- Why wait to register till you reach \$75,000 (eg small start ups and Charities)?
- Why register right away (eg potential land developers and retrospective claims)?
- When to deregister (and consider Division 138 vs Division 129)?

Some real property issues

- Going concern vs farmland
- Capital for CGT vs GST purposes
- Townhouse developments
- Commercial/Residential

ATO rulings

Private vs Public rulings (GST, penalties, GIC)

- Reliance
- Withdrawal

Going from taxable to GST-free classification

- Keep
- redeploy funds

Food and beverages

Food and Beverage

- GST-free food (but) taxable beverage (but)
- Marketing and so many qualifications

Developments

- Cobani case
- Birdseye case
- Detailed Food List
- Food Cluster Group

Some health supplies

Medical aids and appliances

- Illness or disability
- Preventive or diagnostic
- Feminine hygiene products

Allied health treatments, and how supplied

Telehealth and delivery platforms

Charitable concessions

38-250

- Some supplies by Endorsed Charities or DGRs are GST-free
- Supply by supply (not categories or overall)
- Accommodation (rental or title) 75% market value or 75% cost
- Other (50%) market value or 75% of cost
- Don't include donations in consideration
- Split event charges

Charitable concessions

- Turnover threshold \$150,000 vs \$75,000
- Raffles (not auctions)
- Donated second hand goods
- Ability to have sub-entities

ATO chasing undisputed debts

Look for 4 years of offsets:

- Refunds
- Automatic 12 month 'deemed' bad/doubtful debts
- Settlement discounts
- Technical timing of outgoing and incoming invoices
- Classification issues
- Adjustment events

Private sector tax debt funders (need security) lower rate, longer term, less disclosure to ATO

Don't let client pay 1/3rd to payment plan specialists re Penalty/GIC

Other miscellaneous issues

For smaller unregistered vendors (eg artists) sell as agent rather than as reselling retailer

Why pay GST at importation (deferral scheme)

When do you tell the other side of GST issue in a negotiation?

RITCs at start, when firming up and when Board decides?



Hi, my name is Ken

I am a GST Specialist, Advisor and Mentor
empowering Boards, Executives and Business
Owners to convert complex GST issues into
tangible business opportunities using a proven
methodology and keeping them safe

DON'T TAKE CHANCES BY ROLLING THE DICE ON GST

