

# Your Needs

## **Are you responsible for GST in your business or has anyone already been contacted by the ATO seeking information or announcing a GST review/audit of your business?**

- The ATO is not the enemy and should not be feared
  
- The ATO can be approached to get something like a refund or a GST-free binding ruling in appropriate circumstances
  
- Many businesses panic, or get angry, when they first hear from the ATO because they do not know what they are after and what their real motivation is. The same often applies to the seasoned advisors to those businesses as GST is normally not their area of expertise either
  
- It is critical from the very first ATO contact to:
  1. Not put up walls (they will just jump over them).
  2. Not demand everything from them in writing (be careful what you wish for).
  3. Not give them the absolute minimum they ask for, at the last possible moment and expect them to immediately give you what you want and go away
  4. Establish a respectful rapport and find out what they really need and want to be able to go away. They often don't know exactly what to ask you for, as you know your business better than they ever will. Give them what they need to be able to finalise their enquiry, but do not complicate matters by giving them what they don't need.
  5. Take charge of the process as best you can.
  6. Find ways to bring their enquiry to a favourable end as soon as possible without escalation to full audits.
  
- Would you like to have someone between you and the ATO who:
  1. Allows you to sleep at night with the ATO having to make all further contact and ask all questions through him?
  2. Is highly respected and listened to by the ATO?
  3. Was involved in writing the GST laws and ATO's GST Public Rulings?
  4. Is not the slightest bit intimidated by the ATO?
  5. Does not get baffled by the ATO's GST talk and speaks their language?
  6. Can quickly and definitively hone in on the real GST matters at issue (sometimes there is no GST issue at all and the ATO is simply asking for clarification)?
  7. Can ensure the ATO intervention is minimised promptly?
  8. Works to close matters, with the ATO having a favourable view of you and your business?
  9. Seeks the best possible outcome on any matter, even when a GST mistake may have been identified?
  10. Represents you regarding refunds of GST, waiving GST owed as well as penalties or interest and getting favourable Private Binding Rulings?
  11. Will work closely with you and your current advisors?

- If your answer is yes to any of the above, contact me before the matter escalates out of control.
- Consider reading the other 5 sections of this document, as it might realise benefits that you have not previously considered. It will only take you 10 minutes

### **Is it possible that someone in your business is taking chances by rolling the dice on GST?**

- GST is often very simple, but not always. Do you know enough about GST to be sure how it does, or could, apply in your case?
- Would you knowingly allow your business to take a gamble on anything that could amount to 10% of the top line, and which might even exceed the total net profit?

There are two broad aspects to 'risk':

#### ◆ Downside risks could involve:

1. Having ongoing GST liabilities that you are unaware of, with the risk of the ATO recovering GST on four years of past dealings, plus penalties and interest hanging over your head. That could be in relation to GST issues that your business deals with every day and you thought you had under control.
2. There can be occasional non-standard one-off transactions such as property dealings, mergers, acquisitions, investments, establishing market joint ventures etc. Does the other side know more about how GST affects that transaction than your business does? The GST implications of these might not be your area of experience and are often not the expertise of your advisors

◆ Upside risk could involve overpaying GST. Unnecessarily adding GST to the price of your supplies either makes your supplies less competitive or takes away what would otherwise be your profit. Are you paying GST when your competitors are not? Are you launching a new offering or a new channel to the market that might be GST-free?

- Would you like to have an extra 10% available by reducing the net GST payable, in a manner acceptable to the ATO, to do whatever you wish to do in your business? Maybe leave the price and retain the margin, or divert the newly available 10% to fund totally unrelated business needs
- Those who have the best GST advice, win. Why take chances by not asking? Contact me and ask
- Consider reading the other 5 sections of this document, as it might realise benefits that you have not previously considered. It will only take you 10 minutes

### **Are you an accountant, lawyer or any other adviser who gives GST advice or makes GST**

## **suggestions to clients who will rely on what you advise them?**

- Clients sometimes unreasonably expect lawyers, accountants and other professional advisors to be able to answer all tax questions
- While GST appears to be simple at face value, it is simply not the case in all circumstances. The majority of GST advice and assistance requests come to me via clients' incumbent advisors
- Complex GST provisions include margin scheme for properties, going concerns, classifications of food, beverages and medical products, agency/principal/tripartite relationships, GST partnerships and joint ventures, refunds and credits, time limits, Commissioner's discretions and much more
- There are many GST public rulings, but they can be tortuously lengthy and often do not cover your clients' particular circumstances. If you're not fully conversant with GST-speak, can you be sure that you've picked out the right answer and can rely on that particular ruling?
- Business dealings themselves are complex. Delayed settlements, tripartite arrangements, incentives, new ways of marketing and pressures from competitors, suppliers and customers, on top of the ATO, all show that we live in an ever-increasingly complex and demanding commercial world. Are you fully keeping up with GST?
- • I don't replace incumbent professional advisors as I don't provide continuing GST compliance services or tax services other than GST, and will not act as your clients' ongoing official Tax Agent. I work hard to enhance your critically important relationship with respect. I am here to assist in resolving a GST issue, fix or negotiate the best possible GST outcome and enable/empower you and your client to take it forward after resolution
- My professional relationship will mostly be through you:
  1. It's less common for me to be engaged directly by new clients (but I can have a separate Engagement Letter if desired) as much of what needs to be done requires your continued direct involvement and knowledge of your clients
  2. Sometimes my advice to you can be done without the knowledge of the clients, noting that my advice and assistance can be provided to you as a consultant to your firm. As a FCAANZ, FCPAA, GAICD, and Registered Tax Agent, I assist you to carry out what needs to be done while maintaining full confidentiality
- I follow an easy to understand and tested methodology developed over the past decades, and place you and the client in control of the engagement
- My fees can be covered by Tax Audit insurance if it is in place, even for ATO GST refund enquiries.
- Why take a chance on a GST task that is not your area of expertise, and potentially waste massive unrecoverable resources by ploughing through ATO rulings while still not being sure if the advice you are giving is the best advice, or is at least as strong as the advice being

provided by the other party or by the ATO?

- It's often the case that there is no substantive GST problem at all, or it's not what you or your client think it is
- Many GST issues can be resolved in a one-hour Zoom meeting after sharing some of the basic information. Please refer to my methodology
- Do not hesitate to contact me to make sure your suggestions to your clients are optimal
- Consider reading the other 5 sections of this document, as it might realise benefits that you have not previously considered. It will only take you 10 minutes

**Are you responsible for aspects of your business that could be affected by GST, such as financial reporting, stakeholder management, market competition, product development, pricing etc? Could it be worthwhile finding out what you should know about GST?**

- Do you care about, think about or understand GST? Most people would say no to all
- However, being someone important who contributes to the success of the business means that GST should not automatically be dismissed by you as being unimportant, thinking it is 'only 10%' or falling into the trap of thinking that there cannot possibly be any net benefit achievable from a GST issue when you don't know what you don't know about GST
- Some of the best contributions to business success have been started by those other than the person responsible for tax. For example:
  1. The IT head in the food and beverages sector who sees an opportunity to start selling to consumers rather than restaurants. While the motivation is to create a new online sales/delivery capability for food ingredients, realising that GST is not payable on many food and beverages supplies made directly to consumers gives them an edge over the restaurants and takeaway outlets who have to charge GST
  2. The product innovation leader who realises that a competitor has a slightly different product formulation that results in their GST product being 10% cheaper in the supermarket because GST is not paid by them. A simple change in formula can make their product also GST-free, or better still could make their product GST-free with the competitors having to pay GST. Further, after consulting with the marketing leader, it is realised that a simple change to the marketing approach and promotional collateral is all that it takes to get rid of the GST
  3. The liaison manager for shareholder/owner affairs who realises that with profits being squeezed, now might be the best time to see if new approaches to GST could free up funds for distribution (whether substantive or timing) or improve profitability. GST gains can be a permanent or timing difference
  4. Great efforts are made by buyers or sellers who squeeze that last 1% to 2% in their favour during a negotiation, with the 10% GST often not even considered. GST is often seen as the responsibility of the 'other person', but nobody seems to put their hand up to be that 'other person'
  5. GST is often seen as merely a 'compliance issue' that is handled by the accountant

without a second thought being given to it by anyone. Split responsibilities often cause that due to the marketing, product, finance, pricing, merchandising and BAS preparation personnel never discussing the impact of GST together. Even the external accountants and auditors rarely seem to communicate anything about the potential 10% elephant in the room; not seeing the size of the 10% elephant or assuming that it simply must be getting handled correctly by someone else

- Sometimes GST is simple, and there is nothing beneficial that can come by looking at it. Could it be worth at least simply asking 'is everyone absolutely sure that we are handling our GST in the best way possible?'
- If you would like to see if you can generate cash flow immediately, do not hesitate to contact me
- Consider reading the other 5 sections of this document, as it might realise benefits that you have not previously considered. It will only take you 10 minutes

**As a Board Member, Senior Executive or Business Owner who understands the benefits of robust general and tax governance, are you open to discovering more about being better in your role and career, and how the business will also benefit?**

- You will be aware of the importance of tax governance generally, but will likely be more attuned to issues of risk (upside and downside), commercial performance, stakeholder desires and demands, ensuring optimal strategy setting and implementation and ensuring the enduring success of the business
- You will most likely have experienced operatives who quite rightly ensure compliance. Such is very much the mandate of fiscally oriented tax, accounting and legal functionaries; including those at senior or C-suite levels. However, they might not always be as aligned as you to overall strategic positioning.
- While a tax operative will most likely be attuned to ensuring that 10% GST is not overpaid, under claimed, or is appropriately provided for, they might not see as broadly as you, what can be done by freeing up 10% cash flow that was not otherwise available to optimise the business. In a way, 10% saved via GST is 10% saved and available, the same as 10% coming from any other source
- Many people think that GST is simply passed on. That is very far from the truth. The 10% GST is extracted from the money you receive, and that applies whether you have built the 10% GST into your prices or not. Conversely, not having to pay GST to the ATO does not necessarily mean the GST saving must be passed on to your customers. It simply means you get to keep all the consideration you receive
- Have you acquired a company in recent years, and not yet carried out a post-acquisition review to see if better GST positions can be achieved that the previous owners did not realise they could take advantage of? Lawyers go to a lot of trouble to put in various tax guarantees,

warrantees and clawbacks, but they are very often not considered post-acquisition. That could lead to post-settlement reductions in the acquisition price or GST refund opportunities. That should also be considered when selling a business and making such warranties. Be careful what you promise.

- My initial contact with organisations often starts with a GST issue, or more generally through contacts of other Board Members, Senior Executives and Business Owners. More often than not, I am sought out or introduced by professional advisors or by the business executives themselves, for GST, governance or general business advice and assistance. What sets me apart is what I advise once the GST position is identified. How does a business then leverage, respectfully, ethically and safely, the commercial benefits of the GST burden being lifted?
- I've had the benefit of many decades of experience in dealing with exceptionally successful businesses and seriously astute business people. Through this, I have learned firsthand how to bring the 10% savings to life
- I am well known for my expansive and broad way of seeing beyond the obvious, not being constrained by narrow or obvious thinking processes and being goal-oriented in the broadest sense. I am not afraid of listening, nor considering or expressing new ideas for consideration
- I have had broad experience over past decades on Boards in the private, government and NFP sectors in the capacity of NED Advisory Boards and being Chair, Treasurer, on the Finance Committee and serving general roles. I have also worked with those who advise and report to Boards, as that collaborative field is critical to success
- I am very aware and support the importance of good governance and meeting professional, commercial and statutory responsibilities
- Being a Graduate of the AICD is backed up with many other commercial, legal and fiscal experiences and capabilities; such as previous senior Partner roles in Andersen and PwC, Bachelor of Economics (Monash), Fellow of Chartered Accountants Australia New Zealand, Fellow of Certified Practising Accountants Australia, Chartered Tax Advisor, Chair of the Statutory Corporation Places Victoria, numerous GST related consultancy and strategic roles with the ATO and Treasury and establishing/operating my own professional practice
- If you would like to chat or share issues about you, your career, your business and your future do not hesitate to contact me in full confidence of confidentiality
- Consider reading the other 5 sections of this document, as it might realise benefits that you have not previously considered. It will only take you 10 minutes

**Are you involved in any part of your business that needs previously unbudgeted cash flow to contribute to greater business success, and would you like to know if GST can generate that for you?**

- Do you know what you could or should know about how GST could impact aspects of your business from a non-GST perspective?
- Do you know what the other businesses you deal with, whether competitors, suppliers or customers, know about GST that you do not know?
- While getting GST right in itself is important, the 10% at issue is much more important for a business than the fact that it might be related to GST
- 10% is a lot and could make the difference between being competitive or not. If the shelf price of your product is 10% higher than your competitors', or the GST added on top causes the price to breach a critical retail price point, the consequences can be way beyond 'just 10%'. It could make your product unviable
- Not correctly taking GST into account in just about any business feasibility could cause a new product, initiative or acquisition to incorrectly be treated as unviable. Or worse, could cause you to unknowingly set an unexpected future GST liability in motion
- Are you incorrectly paying GST to the ATO that should instead be invested in the business or be returned to stakeholders? (Did you know that since 2014, if you incorrectly treat something as taxable and send the GST to the ATO, it is 'deemed to be taxable' and you normally cannot get a refund? Unsurprisingly, it does not work in the other direction. If you incorrectly underpay GST, you remain liable)
- Even if you do not care about GST itself, picking up extra 10% funds could be allocated to any area of the business that you wish, such as:
  1. Market initiatives such as loss-leading new products, knocking off competitors, freezing prices and marketing campaigns
  2. Investing in new technology, such as enhancing online B to C capabilities for emerging markets
  3. Keeping or bringing on key staff.
  4. Strategic acquisitions or buying out competitors.
  5. New investments in equipment, expanding locations
- Saving GST is not just a cash flow issue. It is 10%. If your product is priced competitively including GST, and you can stop paying the GST, the 10% that is no longer payable does not have to be passed on in reduced pricing. You get to choose what you wish to do with it
- Contact me if you would like an extra 10%, and we will see if GST can bring that about for you
- Consider reading the other 5 sections of this document, as it might realise benefits that you have not previously considered. It will only take you 10 minutes