

# Department of Education

Learners first, connected and inspired



## GST and ABNs for School Associations



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## 1. Introduction

School Associations will be required to have an ABN if they will be undertaking any financial transactions. Further information is on the [ATO website](#).

Your School Association can then make the decision whether or not to register for the GST.

- If your annual turnover is expected to be **greater** than \$100,000 you are required to register for the GST.
- If your annual turnover is **less** than \$100,000, you are not required to register for the GST.

If you operate within the GST system, you will be able to charge and collect GST. You must also meet GST lodgement requirements with the ATO.

If you are not registered for GST, you will not charge or collect GST and will not be able to claim back the GST on purchases you make.

## 2. Special Issues for Associations that decide to register

### 2.1 What does it mean to be registered?

If your School Association decides to register for GST it will be required to:

- charge, collect and account for GST on taxable supplies;
- remit any GST collected on taxable supplies to the ATO;
- account for any GST paid as part of the price of any goods and services purchased;
- claim back from the ATO an input tax credit for GST paid as part of purchases of goods and services; and
- complete a Business Activity Statement and submit this to the ATO on a quarterly basis.

### 2.2 What about donations to a school?

If a School Association makes a donation to a school, there are no GST implications for the school. A donation is a genuine gift where the school is not obliged to provide or do anything in return for the donation. A mere acknowledgment as to the source of a donation is not sufficient to render the donation not to be a gift.

### 2.3 Are we a charity?

Charities obtain additional concessions under the GST legislation not available to other non-profit bodies. In particular, the following transactions by a charity will be GST free. This means that there is no need to collect GST in respect of the proceeds of:

- Raffles and bingo or other games of chance;
- Sale of donated goods (provided that they have not been altered since they were donated apart from cleaning or minor repair); and
- Goods sold for less than 50% of their cost to School Associations or for less than 50% of their real value.

However, for these conditions to apply to the School Association, they must be a "charity".

The ATO has advised that the advancement and promotion of education are charitable. Charitable organisations for the advancement of education includes schools, colleges, universities, research and scientific institutes, scholarship trusts, school building funds and School Associations.

Therefore, School Associations can make the above supplies on a GST free basis.

Again, it is very important to note that the level and importance of accurate bookkeeping will increase if the School Association elects to use these categories to reduce the GST otherwise collected. For instance, some goods at the school fete may qualify for the GST free status, others will not.

## **2.4 What about the school canteen?**

If the School Association is registered and, as part of their business activities, run the school canteen, this operation receives special treatment under the GST legislation insofar as the operation of canteens and tuckshops, School Associations can elect to be "input taxed".

What this means is that:

- School Associations do not have to charge GST on food sold in the school canteen however;
- School Associations will not be able to claim back a refund for any GST that is included in costs associated with the canteen.

In some instances, such costs will be easy to identify. However, complex rules of apportionment will be required for some outings that relate partially to the canteen.

Input taxing of the canteen simply means that the operation of the canteen or tuckshop sits outside the GST system.

However, it is important to note that this means that canteen costs will need to be carefully accounted for separately within School Association accounting systems to ensure that GST paid on these costs is not claimed back in error from the ATO when claiming other input tax credits.

## **2.5 What else does GST apply to?**

As a general rule, once registered, School Associations will need to account for GST on all things other than those outlined above. This would include, for example:

- Membership subscriptions;
- Enterprises conducted, such as school fetes, bookshops, stationery or uniform supplies; and
- Sale of surplus assets.

But do not forget that School Associations will be able to reduce GST paid by making sure that they claim back the GST component on any costs that the School Association incurs in connection with their activities.

### 3. Do you require further assistance?

The Department of Education will assist any School Association that requires further information or assistance in relation to registration or any other GST matter.

Contact:

[ServiceCentre@education.tas.gov.au](mailto:ServiceCentre@education.tas.gov.au)

or phone the Service Centre on 1800 816 057.

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