



Prepared by Maria Benardis

Bag Issues Log Item 07-005: GST Tax Invoices and validity

Log Item sent: 19/10/2007

There are some telecommunications companies issuing tax invoices such as the attached example.

The Tax invoice lists some items such as insurance and states that the effective rate of GST is 8.98% as opposed to 10%. Whilst we appreciate there may be some transactions that are GST-free and input taxed (i.e. mixed supplies) we are of the view that these items should be flagged separately and it should be clearly outlined what their GST status is.

This is creating confusion amongst bookkeepers and business owners when it comes to coding and errors can easily be made in terms of claiming the correct input tax credits.

AAPB seeks clarity as to whether the ATO believes this is a valid tax invoice as per Section 29-70(1) of the GST Act.

ATO response received 30 July 2008:

"We note the concerns raised regarding the sample statement provided, however secrecy and privacy requirements do not permit us to make comments to the AAPB about particular taxpayers' affairs. In this case, we can not provide specific advice about whether the document provided meets the requirements of a tax invoice.

The Tax Office has published extensive information for small businesses to help them to decide whether a particular document is a valid tax invoice. For example the issue is dealt with in the publication [Record keeping for small business](#). More detailed information on the requirements for a tax invoice can be found in [Goods and Services Tax Ruling GSTR 2000/17 – Goods and services tax: tax invoices](#).

The Commissioner also has a broad power to accept an alternative document in substitution for a tax invoice, and has published guidelines on how this power would be exercised in Law Administration Practice Statement [PS LA 2004/11](#).

As that practice statement comments, the GST system is partially 'self policing' in the sense that parties to transactions know, or should know, their respective obligations and the information to be included on relevant documents. Where a business seeking to claim an input tax credit has concerns about the efficacy of a document as a tax invoice, it will normally be appropriate to discuss the matter with the supplier in the first instance. The Commissioner expects businesses to make reasonable attempts to obtain a valid tax invoice and what the Commissioner regards as reasonable is explained in the practice statement.

If a supplier is unable to satisfy a business customer that the particular document in question is a valid tax invoice, the business customer should request that the supplier issue a valid tax invoice. "

Disclaimer

This document provides general information current at the time of writing. It is not intended that the information provide advice and should not be relied on as such. Professional advice should be sought prior to actions on any of the information contained herein.

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