1. **Statement**
This Standard describes suggested processes for undertaking tax compliance reviews.

2. **Scope**
Compliance with this standard is mandatory.
This standard shall apply to all employees, contractors and consultants within the Department of Health divisions and commercialised business units as well as Hospital and Health Services.

3. **Requirements**

**Introduction**
The Commonwealth Government intends that GST should apply to all provisions of goods and services, whether by government or by private sector entities. The GST legislation defines goods and services very broadly, including the creation, grant or transfer of any right as well as the provision of advice or information.

As penalties and interest can accrue where entities do not account for GST correctly, it is important that entities review transactions to ensure compliance with GST law.

While the GST Team in the department will conduct compliance checking, Business Areas and Hospitals and Health Services (HHS) are encouraged to also conduct local GST compliance checking.

**Areas for Review**
The GST Team conduct a number of compliance checks during the month. These are conducted at a higher level and can in some instances be better undertaken by Business Areas of HHSs.

**Reasonableness Report**
Using the DSS One Month Table in the Internal Order/Tax Reports menu, users can add a column of Tax Code for each account type. Business Areas can then expand the table for each account code and check that the tax code amounts seem reasonable for the activity involved.

**Transaction list detailed**
Where “odd” tax codes appear in accounts in the Reasonableness Report, a transaction listing for the account can be run. Tax codes can be included for additional clarification.

**Tax Invoices**
Sample a number of these for review to ensure compliance. Ensure you have a range of invoices (large value, small value, one off transactions etc.)
Residential accommodation

No GST should be charged on transactions dealing with residential accommodation nor should there be any GST claimed on transactions relating to residential accommodation. This includes electricity, gas, furniture, rent, linen, curtains & blinds, laundry or garden maintenance, pest control, repairs, cleaning, pool cleaning or body corporate. The GST Team have issued suggestions about including the term “res” or “non-res” before the text description to help in identifying transactions.

Subsidiary Systems

Checks to ensure data transferred from subsidiary systems (e.g. HBCIS) have the correct tax code applied to it.

Training

All staff should have knowledge of basic GST matters and new staff should undertake GST training. Online training is available for staff outside the south east corner.

Transaction with other HHSs

It is important that GST not be charged or claimed from other HHSs or the department. Because all the HHSs and the department are grouped, transaction should be coded S9/P9 “out of scope”. It is important that you identify the names of the HHS entities as they will not always be apparent (e.g. Cunningham Centre is part of Darling Downs HHS)

Cautions

Because of the “quirkiness” of SAP, anything purchased through the purchasing system will have their Tax Code in the GR/IR general ledger account. The corresponding entry in the expense account code will always be P9. The GST Team have access to a special report that can show Tax Code of entries. We are looking to have that available to all staff.

Be careful that you don’t correct something that was already corrected.

When making tax effect journals to correct mistakes, see also GST Standard - When GST Is Not 1/11th of the Total Price.

Why it is important

Goods and Services Tax (GST) compliance certificates

Cabinet Budget Review Committee (CBRC) requires all Queensland Government entities to complete an annual Goods and Services Tax (GST) compliance certificate as part of their annual reporting requirements. The certificate is based on the six better practice principles contained in the Australian National Audit Office “A Better Practice Guide for the Management of GST Administration”. These are that the entity

a) Applied a risk management approach to GST administration,

b) Established an internal control environment that effectively supports GST processing,

c) Identified and documented all GST impacted transactions in the organisation’s operations and the technical positions that relate to them,

d) Processed and reported GST transactions in an accurate, complete and timely manner,

e) Managed changes that impact on GST administration, and

f) Monitored and reviewed the effectiveness of GST administration.
In addition, the certificate requests information on GST compliance events identified by or raised with the ATO as well as ensuring that any fees and charges are considered in light of Division 81 of the GST Act.

**The ATO view on tax compliance**

Each year, the ATO produces guides on tax compliance. These are aimed at different business sectors (large business including government, small business, not-for-profit, superannuation etc.) and lay out their approach to tax compliance and areas of interest. The ATO uses a number of tools such as data matching, to monitor tax compliance. Data matching involves comparing information in various tax returns with data provided through agreements with various government agencies. These agencies may include those who register vehicles, land and property transfers, as well as internal matching (BAS versus FBT return versus income tax return).

The ATO expects large businesses to have adequate tax governance measures in place. In addition, tax risk management controls should be in place to mitigate tax risks. These controls also ensure the correct reporting of taxation obligations.

**Risk differentiation framework**

The ATO differentiate their engagement with large businesses according to their assessment of a taxpayer’s tax risk. This not only enables them to allocate their compliance resources in the most efficient and effective way – in areas of higher risk – but it also reduces the business community’s overall compliance costs.

To assess tax risk, the ATO apply a risk differentiation framework (RDF). Factors taken into account include the effectiveness of a taxpayer’s corporate and tax governance frameworks to mitigate tax risk and whether there is transparent engagement with the ATO.

**Serious evasion of GST**

To detect these activities, the ATO are making greater use of analytical tools, data matching, and information and intelligence sharing with other agencies. For example:

- data matching with Customs and Australian Transaction Reports and Analysis Centre (AUSTRAC) has identified entities abusing the GST export concessions by pretending to have exported goods,
- data matching with state and territory agencies has identified entities that obtained motor vehicle dealing licenses under the guise of operating a vehicle trading business for the purposes of acquiring luxury vehicles exempt of GST and luxury car tax, where the actual use is for private purposes.

**GST and property transactions**

The ATO will continue to monitor and investigate taxpayers who dispose of real property and fail to report the transaction on their activity statement or misclassify the transaction for GST purposes. The ATO will match information from third party sources (such as sales data from state and territory revenue offices) with information reported on activity statements.

### 4. Related legislation and documents

- A New Tax System (Goods and Services Tax) Act 1999
- GST Business Procedure - When GST Is Not 1/11th Of The Total Price
• Large Business and Tax Compliance, NAT 8675, Australian Taxation Office
• Compliance Program, NAT 7769, Australian Taxation Office

5. Definitions

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