1. **Statement**

This Standard describes the processes for purchasing and reviewing subscriptions and memberships.

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**

Examples of ‘subscriptions’ include magazine subscriptions, access to online information, membership of professional associations and provision of training courses or seminars.

In most instances, a payment for a subscription or membership will meet the definition of a ‘supply’ for GST purposes and will thus be treated as any other supply. Often, subscribers will not know whether there will be a supply when they issue the documentation (e.g. registration form, invitation to subscribe etc.). These documents are merely offers.

This Standard deals with some specific issues which may arise in relation to subscriptions/memberships.

**Summary of Tax Codes**

<table>
<thead>
<tr>
<th>Description</th>
<th>Tax Code</th>
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<th>Description</th>
<th>Tax Code</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Queensland Health Expenditure – Subscriptions &amp; Memberships</strong></td>
<td></td>
<td></td>
<td>Taxable Supply – with compliant tax invoice</td>
<td>P0</td>
</tr>
<tr>
<td>Taxable Supply – compliant tax invoice not held (Note: under $82.50 a compliant tax invoice is not required – code to P0)</td>
<td></td>
<td></td>
<td>Taxable Supply – compliant tax invoice not held (Note: under $82.50 a compliant tax invoice is not required – code to P0)</td>
<td>P2</td>
</tr>
<tr>
<td>Supplier Not Registered for GST (but has an ABN)</td>
<td></td>
<td>P5</td>
<td>Supplier Not Registered for GST (but has an ABN)</td>
<td>P5</td>
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<tr>
<td>GST-Free Supply</td>
<td></td>
<td>P5</td>
<td>GST-Free Supply</td>
<td>P5</td>
</tr>
<tr>
<td>Fines and penalties (not including interest charges)</td>
<td></td>
<td>P9</td>
<td>Fines and penalties (not including interest charges)</td>
<td>P9</td>
</tr>
<tr>
<td><strong>Queensland Health Revenue – Subscriptions &amp; Memberships</strong></td>
<td></td>
<td></td>
<td>Taxable Supply – with compliant tax invoice</td>
<td>S0</td>
</tr>
<tr>
<td>QH Fines or imposes Penalties</td>
<td></td>
<td>S9</td>
<td>QH Fines or imposes Penalties</td>
<td>S9</td>
</tr>
</tbody>
</table>
Offer Documents as Compliant Tax Invoices

It is common for a supplier of a subscription to issue offer documents to a number of prospective subscribers. An offer document is a document issued by a supplier before an agreement is made, and at the time of issuing, the supplier will not know whether the offer will be accepted. However, if the purchaser accepts the offer and fills in the offer document with the relevant information about the supply, the offer document can then become a compliant Tax Invoice.

The following conditions must all be met:

- The offer document must be issued to multiple parties (i.e. not an individual quote)
- The offer must be accepted and payment made
- The document must meet all the requirements of a compliant Tax Invoice
- The document must be completed by the recipient and indicate which supplies were accepted, the amount payable and the GST included in the price; and
- The document must include a statement to the effect that: ‘This document will be a Tax Invoice for GST when fully completed and payment made’.

If all of these conditions are met, the document can be used as a valid Tax Invoice (no other invoice will be required for GST purposes).

Queensland Health must be in possession of a compliant tax invoice to use this Tax Code to ensure Input Tax Credits are being claimed. The supplier must therefore have an ABN and be registered for GST.

P0 – Taxable Supply @ 10%, Compliant Tax Invoice held

This Tax Code is used when 10% GST is included in purchase price of the supply and the invoice provided is non-compliant. QH is unable to claim an input tax credit in this case. However, if a compliant tax invoice is subsequently received, QH can claim input tax credits by processing a journal by transferring the amount from P2 to P0.

P2 – Taxable Supply @ 10% but Tax Invoice not Compliant

There is no GST included in the purchase price of the supply, i.e. when a supplier is carrying on an enterprise but does not have an ABN, or a supplier has an ABN but is not registered for GST.

P5 – GST Free/no GST in the price

Periodic or Progressive GST Payments

Some subscriptions may be paid on a periodic basis; for example, a yearly subscription may be paid in monthly payments. These payments are periodic payments because they refer to a particular period (paying something off in instalments does not necessarily constitute periodic payments).

Division 156 of the Act states that when a supply is paid for in periodic payments, the GST treatment is as though each payment is for a separate supply. GST credits or collections will be recognised for each payment when it is made. However, it is not necessary to obtain or issue separate Tax Invoices for each periodic payment. For example, a magazine subscription may be purchased and a Tax Invoice issued at the beginning of 2007, with payment to be made monthly. GST will be recognised when each payment is made, using the Tax Invoice issued at the beginning of the year.
**Fine for a Breach of an Association’s Membership Rules**

If a professional organisation or other body imposes a fine or penalty as a punishment or deterrent, the transaction will not constitute a ‘supply’. As GST is only applicable when there is a supply made, there is no GST on fines or penalties. These types of payments are ‘Out of Scope’ for GST purposes.

Fines and Penalties (not including interest charges) should be coded to:

<table>
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<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>P9</td>
<td>Out of Scope @ 0% - Purchases</td>
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</tbody>
</table>

P9 is used by QH to pay for a fine or penalty as a result of an infringement made to an association/organisation. It does not have a GST effect and therefore such transactions using this tax code will not be reported on the Business Activity statement.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>S9</td>
<td>Out of Scope @ 0% - Sales</td>
</tr>
</tbody>
</table>

S9 is used by QH to record income from transactions such as fines or penalties imposed on others. As the transaction does not constitute a supply, it does not have a tax effect and therefore such transactions using this tax code will not be reported on the Business Activity Statement.

**Subscriptions/Memberships connected with an Overseas Entity**

If a subscription is connected with an overseas entity, there may be GST implications. There may be situations where the supply for consideration in respect of membership subscriptions is the supply of a right, or a combination of a supply for a right and a supply of services that are to be treated as separately identified parts of a supply.

This is done by weighing up the various components to assess the substance of the supply. Supplies associated with overseas entities are explained more fully in GST Standard – Exports and GST Standard – Importations.

### 4. Related legislation and documents

- A New Tax System (Goods and Services Tax) Act 1999
- GSTR 2013/1: Tax Invoice
- GSTR 2000/35: Division 156 - supplies and acquisitions made on a progressive or periodic basis
- GSTR 2003/08: Goods and services tax: supply of rights for use outside Australia
- GST Standard – GST The Basics
- GST Standard – Exports
- GST Standard – Importations
5. Definitions

<table>
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<tr>
<th>Term</th>
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<tbody>
<tr>
<td>GST Act</td>
<td>A New Tax System (Goods and Services Tax) Act 1999</td>
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Version Control

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<td>Eman Ajaj</td>
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<td>5</td>
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<td>Richard Baker</td>
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<td>6</td>
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