



GOODS AND SERVICES TAX (GST) ADMINISTRATION

A Better Practice Checklist for the Management of GST Administration

The following checklist is designed to assist organisations to assess the strengths and weaknesses of their current governance framework. The checklist was designed to allow the respondent to analyse the effectiveness of governance processes within the organisation.

Better Practice No 1

Apply a risk management approach to GST administration

Indicators of better practice	Your organisation ?
1. The organisation has a formal risk management framework at the organisational level.	
2. The organisation has delegated GST risk management to an individual or group.	
3. The organisation formally assessed GST risk, as part of implementation planning.	
4. GST risks have been formally mapped and linked to existing controls and any gaps identified.	
5. These controls have been tested and the residual risk is assessed as low.	
6. The GST risk assessment is periodically reviewed for completeness and currency, as well as linked to the organisation's test plan on an ongoing basis.	

Better Practice No 2

Establish an internal control environment that effectively supports GST processing

	Indicators of better practice	Your organisation ?
STRUCTURE	7. Formal, documented assignment of responsibility for GST management.	
	8. The GST manager has professional qualifications and experience in managing financial, administrative and taxation matters.	
	9. Documented organisation structure and responsibilities.	
	10. Central management and processing of BAS reporting to the ATO.	
	11. Management and processing responsibilities have been clearly defined and are documented in individual position descriptions.	
PROCEDURES	12. Policies and procedures were updated during GST implementation to include all necessary changes to procedures.	
	13. Procedures are periodically reviewed for currency and completeness.	
	14. Specialist advisors have signed off on key templates.	
INFORMATION SYSTEMS	15. The organisation has obtained formal verification that its accounting systems are GST compliant.	
	16. The full potential of accounting systems is used to accurately capture GST related data. This will include validation, hierarchies, defaults, rounding, tax codes and reporting functionality.	
	17. Transactions cannot be processed in the information system without recording GST coding.	
	18. Review of the types of transactions processed and alignment with GST treatments through system code activation and mapping.	
	19. Formal procedures define how system changes are to be undertaken.	
	20. The system can produce exception reporting on GST transactions outside normal processing parameters.	
TRAINING	21. There is a current GST training program.	
	22. All staff know how to access procedures.	

Better Practice No 3

Identify and document all GST impacted transactions in the organisation's operations and the technical positions that related to them

Indicators of better practice	Your organisation ?
23. The organisation has formally assigned GST management responsibility to an individual with appropriate skills.	
24. The organisation has used risk assessment tools to evaluate its technical environment.	
25. The organisation has completed a full assessment of the organisation's transactions for GST purposes. This is documented and periodically updated.	
26. The organisation has documented a policy as to when external advice should be sought on technical issues, and seeks such advice according to type or value criteria.	
27. The organisation reviews legislative changes and new/amended rulings to ensure technical positions taken are valid and current.	
28. The organisation reviews new types of transactions and business activities to ensure technical positions are complete.	
29. The organisation accesses technical tax resources from a variety of sources, including the ATO, other government departments, professional organisations and specialist consultants.	
30. The organisation documents the treatments of its transactions in formal position papers.	
31. ATO rulings are sought and copies of relevant public rulings are reviewed.	
32. The organisation has asked technical specialists or the ATO to review its tax position papers and sign off on their compliance.	
33. Managers have considered the implementation of each technical position and have provided tools for staff that apply these technical positions or guide their application.	
34. The organisation has tested the implementation of technical positions.	
35. Feedback from customers and suppliers in relation to GST treatments is recorded and reviewed.	
36. Post implementation review of technical treatments has been completed.	

Better Practice No 4

Process and report GST transactions in an accurate, complete and timely manner

Indicators of better practice	Your organisation ?
37. Staff consistently refer to a tax invoice compliance checklist and adjustment note checklist when entering invoices into the information system.	
38. During processing, staff check that the system record of the GST amount is the same as the amount stated on the tax invoice.	
39. Procedures exist so that valid tax invoices are obtained for all payments made without an invoice (such as payments by direct debit) before the input tax credit claim is made.	
40. There is a written procedure for mixed supplies so that the whole amount is not allocated to one GST code.	
41. Decision tools and coding reference cards exist and are used to code transactions.	
42. Transactions, including payments and receipts, are processed in information systems on a timely basis.	
43. Organisations retain tax invoices for the required statutory period ¹ in a manner that facilitates easy retrieval.	
44. Non-standard transactions are subject to additional review and authorisation procedures.	
45. Systems require GST coding and the issue of a tax invoice upon receipt of cash.	
46. Journal entries cannot be processed in the information system without the allocation of a GST code, and journal entry GST coding is reviewed.	
47. The sources and data flows of BAS information have been formally documented in a BAS map. This includes the mapping of system tax codes to BAS label codes.	
48. System reporting is the principal source of data for the BAS and requires minimal manual adjustment.	
49. Preparation and authorisation of the BAS is segregated between competent individuals.	
50. The preparer and authoriser of BASs have received training and are competent to understand GST and BAS requirements.	
51. The preparer and the authoriser refer to and complete a BAS checklist.	
52. Adjustments to system BAS reporting are documented in a standard format, supported by an audit trail and are reviewed by the BAS authoriser.	
53. The BAS preparer and authoriser understand ATO policy on the correction of errors.	
54. Access to BAS/ATO screen is restricted to the BAS authoriser.	
55. The timing of BAS lodgement submission is considered in relation to due dates and cash flow.	

¹ Generally 5 years after completion of the transaction or act: Section 70 of the *Taxation Administration Act 1953*.

Better Practice No 5

Manage changes that impact on GST administration

Indicators of better practice	Your organisation ?
56. The GST manager is formally responsible for the management of changes that impact on GST administration.	
57. Formal handover from the GST implementation team to the key GST manager via a list of outstanding issues.	
58. A current GST issues list is maintained and reviewed.	
59. The organisation formally monitors the termination dates of elections and private rulings, and uses this to trigger ATO interaction.	
60. The organisation has a process to review changes to legislation and public rulings, and considers any impacts on technical positions and procedures.	
61. The GST manager provides input to steering committees for major projects, including those that involve any changes to information systems.	
62. The organisation formally monitors its 'grandfathered contracts' ² to ensure that review opportunities or contract terminations are identified.	
63. The organisation has identified the key individual who has the authority to interact with the ATO, and this person takes a proactive approach to building an effective relationship with the ATO.	
64. A policy exists that unauthorised staff members should not initiate contact with the ATO or respond to ATO queries.	
65. The organisation reconciles ATO account statements to ensure errors are identified and refunds issued promptly.	
66. The organisation ensures GST registration details are kept up to date.	
67. The organisation ensures all interaction with the ATO is documented and filed in an easily accessible manner.	
68. The organisation has an appropriate level of documentation to assist in the event of a GST audit.	

² Where supplies were not subject to GST due to the *A New Tax System (GST Transition) Act 1999*. See Glossary.

Better Practice No 6

Monitor and review the effectiveness of GST administration

Indicators of better practice	Your organisation ?
69. A nominated individual is responsible for implementing testing programs and improvement processes.	
70. GST risks have been formally linked to controls and these controls are tested periodically.	
71. Samples of GST transactions are periodically tested for technical compliance, completeness and accuracy.	
72. Changes to procedures and systems are specifically tested in the period following their implementation.	
73. Information systems were subject to post GST implementation audit and testing.	
74. Internal audit is used as a tool to identify opportunities to improve GST processing.	
75. There is a central help desk to record issues, including queries raised by customers or other parties.	
76. There is central error log to record issues.	