

# ***GSTR 2000/D5 - Goods and Services Tax: accounting on a cash basis***

 This cover sheet is provided for information only. It does not form part of *GSTR 2000/D5 - Goods and Services Tax: accounting on a cash basis*

There is an Erratum notice for this document.

This document has been finalised.



## Draft Goods and Services Tax Ruling

### Goods and Services Tax: accounting on a cash basis

---

Contents	Para
<b>What this Ruling is about</b>	<b>1</b>
<b>Date of effect</b>	<b>9</b>
<b>Background</b>	<b>10</b>
<b>Ruling</b>	<b>23</b>
<b>Explanations (this forms part of the ruling)</b>	<b>42</b>
<b>Detailed contents list</b>	<b>78</b>
<b>Your comments</b>	<b>79</b>

#### ***Preamble***

*This document is a draft for industry and professional comment. As such, it represents the preliminary, though considered views of the Australian Taxation Office. This draft may not be relied on by taxation officers, taxpayers and practitioners. When officially released it will be a public ruling for the purposes of section 37 of the **Taxation Administration Act 1953** and may be relied upon by any person to whom it applies.*

#### **What this Ruling is about**

---

1. This Ruling explains when you can choose to account for the Goods and Services Tax ('GST') on a cash basis under section 29-40 of *A New Tax System (Goods and Services Tax) Act 1999* (the 'GST Act'). All legislative references are to the GST Act unless otherwise stated.
2. Under section 29-45, the Commissioner may permit you to account for GST on a cash basis in certain circumstances. This Ruling sets out the factors that the Commissioner will take into account in determining whether it is appropriate to permit you to account on a cash basis under this section.
3. This Ruling also explains when you have to cease to account on a cash basis under subsection 29-50(1).
4. This Ruling provides guidelines on the application of subsection 29-50(3) and the factors that the Commissioner will take into account in determining when it is no longer appropriate to permit you to account on a cash basis.
5. This Ruling considers the application of Division 159 when you change your accounting basis.
6. This Ruling also sets out the provisions of the *Taxation Administration Act 1953* under which the decisions of the Commissioner regarding the use of the cash basis are reviewable.
7. This Ruling does not address any issues regarding:
  - branching;
  - grouping;

# GSTR 2000/D5

- tax periods – including substituted accounting periods; and
- periodic and progressive payments.

8. This Ruling does not explain the treatment of various payment instruments which may be used under the cash basis of accounting. We will issue a further Ruling clarifying the treatment of payment instruments under the cash basis of accounting for GST purposes.

## Date of effect

---

9. This Ruling, when finalised, will take effect on and from 8 July 1999 (the date of royal assent to the GST legislation).

## Background

---

10. In this Ruling, any reference to ‘you’ is a reference to the entity seeking to account on a cash basis<sup>1</sup> e.g., an individual, a company, a body corporate, a partnership, a trust, or a superannuation fund<sup>2</sup>.

### Accounting for GST on a cash basis

#### *Taxable Supplies*

11. If you account for GST on a cash basis, you attribute GST payable on a taxable supply to the tax period in which you receive consideration for the supply, but only to the extent that the consideration is received in that tax period.<sup>3</sup>

#### *Creditable acquisitions*

12. If you account for GST on a cash basis, you attribute the input tax credit for a creditable acquisition to the tax period in which you provide consideration for that acquisition, but only to the extent that you provided the consideration in that tax period.<sup>4</sup>

---

<sup>1</sup> Subsection 195-1.

<sup>2</sup> Division 184.

<sup>3</sup> Subsection 29-5(2).

<sup>4</sup> Subsection 29-10(2).

**If you do not account for GST on a cash basis*****Taxable supplies***

13. If you do not account for GST on a cash basis, you attribute all the GST payable on a taxable supply to the earlier of the tax period in which:

- any of the consideration for the supply is received; or
- an invoice for the supply is issued.<sup>5</sup>

This means you may have to account for GST payable on a supply before actually receiving payment for the supply.

***Creditable acquisitions***

14. If you do not account for GST on a cash basis, you attribute all the input tax credit for an acquisition to the earlier of the tax period in which:

- you provide any of the consideration; or
- an invoice is issued for the acquisition.<sup>6</sup>

This means you may be entitled to input tax credits before actually paying for the acquisition.

**Consideration**

15. Consideration means any consideration within the meaning given by section 9-15. Consideration may take various forms which can include currency, cheques and credit cards.

***When consideration is received or provided***

16. The following examples explain when consideration, in the form of a cheque or credit card transaction, is received or provided.

*Example: Cheques drawn by an enterprise and unrepresented by the recipient*

17. Consideration is received when a cheque is received by the payee and not when it is banked, or cleared. Likewise, consideration is provided when a cheque is either handed or posted to the payee and not when the money has been drawn. Consideration is received for GST purposes even if the cheque is not banked in that period. If a

---

<sup>5</sup> Subsection 29-5(1).

<sup>6</sup> Subsection 29-10(1).

cheque is later dishonoured an adjustment entry may need to be made under section 19 of the GST Act.

*Example: Cheques in transit*

18. While the cheque is still in transit and until it is received by the payee, consideration will not be taken to have been received by the payee nor provided by the payer.

*Example: Business expense charged to credit card*

19. Consideration is received by the payee and provided by the payer on the date the credit card transaction takes place. Once the cardholder authorises the transaction by signing the credit card voucher (or providing the credit card details) they are unconditionally discharged from their liability to the payee.

## Registration

20. Registration is essential to enable you to charge GST on any taxable supplies that you make and to claim input tax credits in relation to any creditable acquisitions

21. The requirements for registration are contained in Division 23. You are required to be registered for GST purposes if:<sup>7</sup>

- (a) you are carrying on an enterprise; and
- (b) your annual turnover<sup>8</sup> meets the registration turnover threshold.<sup>9</sup>

22. You may be registered for GST purposes if:<sup>10</sup>

- (a) you are carrying on an enterprise (whether or not your turnover meets the registration turnover threshold); or
- (b) you intend to carry on an enterprise from a particular date.

---

<sup>7</sup> Subsection 23-5.

<sup>8</sup> You work out whether your annual turnover is \$1m or less by looking at your current annual turnover and your projected annual turnover. Turnover is the total value of supplies (excluding certain supplies) you make in the course of your enterprise (Division 188).

<sup>9</sup> Your registration turnover threshold is \$100,000 if you are a non-profit body and \$50,000 if you are not a non-profit body.

<sup>10</sup> Subsection 23-10.

---

## **Ruling**

---

### **Choosing to account on a cash basis**

23. You are able to **choose** to account on a cash basis under subsection 29-40(1) if either:

- (a) your annual turnover<sup>11</sup> does not exceed the \$1,000,000 cash accounting turnover threshold; or
- (b) for income tax purposes you correctly account for your income using the receipts method; or
- (c) each of the enterprises that you carry on is an enterprise of a kind that the Commissioner determines, in writing, to be a kind of enterprise in respect of which a choice to account on a cash basis may be made under subsection 29-40(1)(c); or
- (d) you are a charitable institution, a trustee of a charitable fund or a gift-deductible entity.

24. If you make the choice to account on a cash basis, you must start to account on a cash basis from the first day of the tax period you choose. If you change your basis of accounting for GST, you need to consider the application of Division 159 (see paragraphs 40 and 41 below).

### **Determination made by the Commissioner under paragraph 29-40(1)(c)**

25. The Commissioner may make a determination of the kind of enterprise that will be able to account for GST on a cash basis where the entity's annual turnover is more than \$1,000,000. The determination will cover enterprises belonging to a certain class, kind, or type.

26. In order to be able to account on a cash basis under the Commissioner's determination, your enterprise must have the essential characteristics of the class of enterprise identified in the determination.

### **Entity with multiple enterprises**

27. If an entity carries on a number of enterprises, the entity is not allowed to account for the different parts of supplies or creditable

---

<sup>11</sup> You work out whether your annual turnover is \$1m or less by looking at your current annual turnover and your projected annual turnover. Turnover is the total value of supplies (excluding certain supplies) you make in the course of your enterprise (see Division 188).

acquisitions using a different accounting method for each enterprise. All enterprises of the entity must account on the same basis.

### *Example*

28. Basil's Books Pty Ltd is registered for GST purposes. Basil's Books' revenue comes from a number of enterprises. These enterprises generate book shop income, subscription income, property income and advertising income. Basil's Books is not able to account for subscription income on a cash basis and all other income on a non-cash basis.

### **Permission to account on a cash basis**

29. If you do not satisfy the requirements set out in paragraph 24 above, you cannot choose to account for GST on a cash basis.

30. However, under subsection 29-45(1), you can apply in the approved form to the Commissioner for **permission** to account for GST on a cash basis (see paragraph 33 for details of the approved form). The Commissioner must then satisfy himself that it is appropriate for you to account on a cash basis.

31. The factors which the Commissioner must consider when making this decision are:

- the nature and size of the enterprise that you carry on; and
- the nature of the accounting system that you use.

32. You do not need to apply for permission to account on a cash basis if you satisfy the requirements under section 29-40 and are able to choose to account on a cash basis.

33. For the purposes of applying to the Commissioner for permission to account on a cash basis, an application is in the 'approved form'<sup>12</sup> if the application:

- is in writing;
- provides details about the nature and size of each of your enterprises and the nature of your accounting system which makes it appropriate for you to account on a cash basis; and
- is signed by the person with the legal authority to represent you.

---

<sup>12</sup> Section 195-1 provides that 'approved form' is defined in section 995-1 of the *Income Tax Administration Act 1997*.

**Hybrid method of accounting**

34. A hybrid method of accounting permitted in some other countries, such as New Zealand, is not allowed. The GST Act does not allow you to account for your supplies and creditable acquisitions using different accounting methods.

**Ceasing to account on a cash basis**

35. You cease to account on a cash basis where:<sup>13</sup>

- your annual turnover meets the \$1,000,000 cash accounting turnover threshold<sup>14</sup> and you do not have permission to account on a cash basis; or
- you notify the Commissioner that you are ceasing to account on a cash basis.

36. The Commissioner must revoke any permission you have to account on a cash basis if the Commissioner is satisfied that:<sup>15</sup>

- your annual turnover meets the \$1,000,000 cash accounting turnover threshold;<sup>16</sup> and
- it is not appropriate to permit you to account on a cash basis.

37. In deciding whether it is **not appropriate** for you to account on a cash basis the Commissioner will take into consideration the same factors as in deciding if it is appropriate for you to account on a cash basis. These factors are:

- the nature and size of the enterprise that you carry on; and
- the nature of the accounting system that you use.

38. Where the annual turnover of a charitable institution, trustee of a charitable fund or gift-deductible entity exceeds the cash accounting turnover, they do not have to cease accounting on a cash basis.<sup>17</sup>

---

<sup>13</sup> Subsection 29-50(1).

<sup>14</sup> Subsection 29-40(3).

<sup>15</sup> Subsection 29-50(3).

<sup>16</sup> Subsection 29-40(3).

<sup>17</sup> Subsection 29-50(5).



## Changing your accounting basis

### *Special Provisions – Division 159*

39. If you effect a change in your accounting basis, there will be some supplies or creditable acquisitions that will be attributed twice (where you start to account on a cash basis), and other supplies and creditable acquisitions that will not be attributed at all (where you cease to account on a cash basis).

40. However, Division 159 deals with these situations and provides rules to determine the tax period to which supplies or creditable acquisitions should be attributed.

## Reviewable decisions

41. The following decisions of the Commissioner in relation to the use of the cash basis of accounting for GST are reviewable under subsection 62(2) of the *Taxation Administration Act 1953*:

- Item 15 - refusing to permit you to account on a cash basis under subsection 29-45(1);
- Item 16 – deciding the date of effect of your permission to account on a cash basis under subsection 29-45(2);
- Item 17 – revoking your permission to account on a cash basis under subsection 29-50(3); and
- Item 18 - deciding the date of effect of the revocation of your permission to account on a cash basis under subsection 29-50(4).

## Explanations (this forms part of the ruling)

### Choosing to account on a cash basis

42. Unlike the *Income Tax Assessment Acts 1936 and 1997*, the GST Act specifically sets out when you can account on a cash basis. You can choose to account on a cash basis under subsection 29-40(1)(a) where the total of your annual turnover, from all enterprises that you carry on, does not exceed \$1,000,000.

### *Example*

43. Rock Wall Pty Ltd is an entity which conducts three businesses. These are: a quarry, a landscape supply centre, and a landscaping business. Each business has an annual turnover of \$300,000. As the total turnover of the entity is \$900,000, which is

less than \$1,000,000, Rock Wall Pty Ltd may choose to account on a cash basis.

44. You are also able to choose to account on a cash basis under subsection 29-40(1)(b) where you account for income tax purposes using the receipts basis. Taxation Ruling TR 98/1 sets out when you can account for income tax purposes on a receipts basis.

45. You are also able to choose to account on a cash basis under subsection 29-40(1)(c). However you can only choose where each of the enterprises you carry on is of a kind determined by the Commissioner to be a kind of enterprise which may account on a cash basis.

#### **Determination made by the Commissioner under subsection 29-40(1)(c)**

46. The Commissioner, when making a determination under this paragraph, will take into account the same factors as those set out in paragraphs 50 to 75 below.

47. It is envisaged that any representations made to the Commissioner to make a determination would be by an industry group or body representing its members.

#### *Example*

48. If the Commissioner makes a determination that Industrial Trade Unions are enterprises of a kind which can account on a cash basis, then an Industrial Trade Union would be able to choose to account for GST purposes using the cash basis.

#### **Permission to account on a cash basis**

49. Where you are not able to choose to account on a cash basis under section 29-40, you may apply to the Commissioner for permission to account on a cash basis under section 29-45. We set out below matters we will consider in having regard to the 'nature' and 'size' of an enterprise and the 'nature' of the accounting system for the purposes of subsection 29-45(1)(b).

#### *The nature of the enterprise*

50. The nature of the enterprise means a combination of qualities belonging to an enterprise. In determining the nature of the enterprise we will, amongst other things, consider the following factors:

- whether the supplies are on a cash or credit basis;

- value and volume of the supplies;
- reliance on circulating capital or consumables;
- capital items used; and
- credit policy and debt recovery policy.

### *Whether the supplies are on a cash or credit basis*

51. This criterion distinguishes between sales made for cash or on credit. When the vast majority of sales are made for cash then the cash basis may apply e.g., a men's hairdresser, convenience store, or hot bread shop.

#### *Example*

52. Land Fill Pty Ltd is a private company carrying on a business of developing residential subdivisions for sale. The supplies are residential blocks. The annual turnover is \$1.4 million. On execution of the agreement for sale and purchase, the purchaser obtains possession of the land, but does not obtain title until full payment is made. The residential blocks are supplied on a credit basis. Less than 5% of sales are for cash. As the minority of sales are made for cash it would not be appropriate to use the cash basis of accounting.

53. The New Zealand case *TRA Case K24* (1988) 10 NZTC 236 confirms this stance. Dixon J<sup>18</sup> and Barber DJ<sup>19</sup> have also both stated that a high cash turnover is merely one indicator of a business that is likely to account on a cash basis.

### *The value and volume of supplies*

54. An entity may carry on a cash business, for example where supplies are of a high volume but of low value. Entities trading in a lower volume of higher value supplies are most trading on credit terms, as supplies are more likely to be credit sales, and thus it is less appropriate to account on a cash basis.<sup>20</sup>

#### *Example*

55. E.R.I.C. Metals Pty Ltd is carrying on a business of a joinery manufacturer. The annual turnover is \$1.8 million. There is a high

---

<sup>18</sup> Commissioner of Taxes (SA) v Executor Trustee and Agency Co of South Australia Ltd (1938) 63 CLR 108 ('Carden's case').

<sup>19</sup> See TRA K24 (1988) 10 NZTC 236 at 239.

<sup>20</sup> See TRA Case K24 (1988) 10 NZTC 236.

volume of joinery goods, including aluminium products. The value of the supplies is set at an average unit price for this type of business. A minority of supplies are for very substantial sums. It would not be appropriate to use the cash basis of accounting.<sup>21</sup>

56. Generally the supplies of an entity which accounts on a cash basis will be of low value. For example, an ice cream vendor, a milk or paper run. The appropriate method for entities with high value supplies may be a non-cash basis.<sup>22</sup>

*Example*

57. Brooks is a plastic goods manufacturer. The supplies are plastic cups, plates, spoons, margarine containers, ice cream containers etc. The annual turnover is \$1.2 million. There is a high volume of these goods produced and the value of the supplies is low. The cash basis would most likely be the appropriate accounting method.

***Circulating capital and consumables***<sup>23</sup>

58. The cash basis of accounting would be more appropriate in circumstances where an entity does not rely on its circulating capital or consumables to produce supplies.<sup>24</sup> Such an entity normally has a less complex structure, rather than one more heavily dependent upon its circulating capital or consumables.<sup>25</sup>

59. Where an entity relies, to a significant extent, on circulating capital or consumables to produce supplies it is likely that the entity should use the non-cash basis of accounting for GST.

*Example*

60. Barry's Spares and Repairs Pty Ltd maintains a large stock of spare parts for sale and also provides a motor vehicle repair and maintenance service where parts are drawn from the stock of spare parts. As Barry's Spares and Repairs relies on circulating capital and consumables to produce supplies, the cash basis would not be the more appropriate method of accounting.

---

<sup>21</sup> For a similar fact situation, see TRA Case J65 (1987) 9 NZTC 1,390.

<sup>22</sup> See TRA Case K24 (1988) 10 NZTC 236.

<sup>23</sup> See Taxation Ruling TR 98/1 paragraphs 54 and 55.

<sup>24</sup> See Taxation Ruling TR 98/1 paragraphs 54 and 55.

<sup>25</sup> See *Barratt & Ors v. FC of T* 92 ATC 4275; (1992) 23 ATR 339.

## *Capital items*<sup>26</sup>

61. The reliance placed by an entity on the use of capital items, such as plant and machinery, to produce supplies is relevant. The greater the reliance, the greater the likelihood that it would not be appropriate to use the cash basis of accounting.

### *Example*

62. Rene's Hire Pty Ltd has a huge range of tools, equipment and trucks for tradesmen, contractors, industry and handymen to hire. Supplies consist entirely of hire of these capital items. Here it would not be appropriate to use the cash basis of accounting, as Rene's Hire relies heavily upon capital items to provide supplies.

### *Example*

63. Kate owns and hires out a backhoe. The business rents the backhoe out at a fixed rate per hour. The rate is for the backhoe and Kate's labour. The business never rents the backhoe out separately. Here it may be more appropriate to use the cash basis of accounting as supplies are Kate's labour and use of some capital (backhoe) and consumables (tyres, and petrol).

### *Example*

64. Michael's Driving School owns a number of vehicles which are used for driving lessons. Lessons are at a set rate per hour. The learner driver can choose to use the driving school vehicle or their own vehicle for lessons. The driving school never rents the vehicles out separately. Here it may be more appropriate to use the cash basis of accounting as the supply of the driving instructor's labour is the major component, with some use of capital (vehicles) and consumables (tyres and petrol etc).

## *Credit policy and debt recovery*<sup>27</sup>

65. If an entity has formal procedures for extending credit and collecting debts, the cash basis is not likely to be the more appropriate accounting method. Generally the cash basis would be more appropriate in circumstances where an entity does not usually provide credit, and the likelihood of debt recovery is low.

---

<sup>26</sup> See *Barratt & Ors v. FC of T* 92 ATC 4275; (1992) 23 ATR 339.

<sup>27</sup> See Taxation Ruling TR 98/1 paragraph 57.

*Example*

66. Adam is a dentist who runs his own practice. Adam employs another qualified dentist, Tim, two full time dental assistants and one full time receptionist/secretary. While Adam requests patients pay at the time of each consultation, he regularly allows credit to patients and sends a reminder of the amount outstanding where necessary. After a debt has been outstanding for six months Adam places the debt with a debt collection agency.

67. As there are formal procedures for extending credit and collecting debts, it would not be appropriate for Adam to account on the cash basis.

*Size of the enterprise<sup>28</sup>*

68. When considering the size of the enterprise we will take into consideration the following factors:

- whether the enterprise has a large number of employees;
- whether the enterprise has large overheads; and
- whether the enterprise possesses a large amount of trading stock.

69. The larger the number of employees, the amount of the overheads and trading stock, the more the complexity of the business structure increases indicating that the cash basis may not be appropriate.

*Example*

70. Hildegard's Motel is a family operated business. There are ten self contained units and a restaurant in the complex, located in a popular tourist destination. The only employees are family members. Considering that there are minimal overheads, a small number of employees and no trading stock, the cash basis of accounting is appropriate.

*Nature of the accounting system*

71. The *Australian Auditing Standards* refer to an accounting system as comprising the methods and records established to identify, assemble, analyse, calculate, classify, record and report the

---

<sup>28</sup> See *Henderson v FC of T* (1970) 1 ATR 596; 119 CLR 612; 70 ATC 4016.

# GSTR 2000/D5

transaction, and other events that affect an entity, and to maintain accountability for assets, liabilities, revenues and expenditures.

72. Taxation Ruling TR 98/1 states that when accounting for income, a method of accounting is appropriate if it gives a 'substantially correct reflex' of that income. This is the principle established in *Carden's case* and it is equally relevant here.

73. We will look at the following features of an accounting system in determining their relevance to the use of the cash basis of accounting for GST:

- books of account, and the manner in which they are kept for the day-to-day operations of the business;<sup>29</sup>
- appropriateness of the accounting method used;<sup>30</sup>
- its ability to readily provide lists of creditors and debtors;<sup>31</sup>
- ordinary accounting principles and commercial practice;<sup>32</sup> and
- Accounting Standard AAS 6, which requires companies to use the accrual basis.

### *Example*<sup>33</sup>

74. Brett & Partners Engineering Consultants Pty Ltd is a private company, which carries on a taxable activity as consulting engineers. The company's annual turnover is \$1.6 million. The company operates a basic manual accounting system. It costs work at least quarterly and invoices clients accordingly. At the end of a month the company makes a record of the unpaid invoices and those paid during the previous month. Although, there is no creditors ledger the company can access this information by comparing the invoices with the cheque butts.

75. The cash basis of accounting would not be appropriate as the business is totally operated on invoiced sales and its basic manual accounting system has the capacity to obtain invoice information readily.

---

<sup>29</sup> See Taxation Ruling TR 98/1 paragraphs 58 and 59.

<sup>30</sup> See *Henderson v FC of T* (1970) 1 ATR 596; 119 CLR 612; 70 ATC 4016.

<sup>31</sup> See TRA Case K24 (1988) 10 NZTC 236.

<sup>32</sup> See *Carden's case*.

<sup>33</sup> See TRA Case J62 (1987) 9 NZTC 1,374.

***Timing Issue***

76. Where the principal reason given for wanting to use a cash basis of accounting is that you face a timing disadvantage under a non-cash basis, this is not of itself a sufficient reason to permit you to use the cash basis of accounting for GST.

***Notification of Decision***

77. Subsection 29-45(2) states that the Commissioner must notify you in writing of any decision made in relation to you under this section. If you are given permission to account on a cash basis, you must use the cash basis of accounting from the date of effect specified by the Commissioner. This date will always be the first day of an accounting period.

**Detailed contents list**

78. Below is a detailed contents list for this draft Ruling:

	<b>Paragraph</b>
<b>What this Ruling is about</b>	<b>1</b>
<b>Date of effect</b>	<b>9</b>
<b>Background</b>	<b>10</b>
Accounting for GST on a cash basis	11
<i>Taxable Supplies</i>	11
<i>Creditable acquisitions</i>	12
If you do not account for GST on a cash basis	13
<i>Taxable supplies</i>	13
<i>Creditable acquisitions</i>	14
Consideration	15
<i>When consideration is received or provided</i>	16
<i>Example: Cheques drawn by an enterprise and unrepresented by the recipient</i>	17
<i>Example: Cheques in transit</i>	18
<i>Example: Business expense charged to credit card</i>	19
Registration	20
<b>Ruling</b>	<b>23</b>
Choosing to account on a cash basis	23



**GSTR 2000/D5**

Determination made by the Commissioner under paragraph 29-40(1)(c)	25
Entity with multiple enterprises	27
<i>Example</i>	28
Permission to account on a cash basis	29
Hybrid method of accounting	34
Ceasing to account on a cash basis	35
Changing your accounting basis	39
<i>Special Provisions – Division 159</i>	39
Reviewable decisions	41
<b>Explanations (this forms part of the ruling)</b>	<b>42</b>
Choosing to account on a cash basis	42
<i>Example</i>	43
Determination made by the Commissioner under subsection 29-40(1)(c)	46
<i>Example</i>	48
Permission to account on a cash basis	49
<i>The nature of the enterprise</i>	50
<i>Whether the supplies are on a cash or credit basis</i>	51
<i>Example</i>	52
<i>The value and volume of supplies</i>	54
<i>Example</i>	55
<i>Example</i>	57
<i>Circulating capital and consumables</i>	58
<i>Example</i>	60
<i>Capital items</i>	61
<i>Example</i>	62
<i>Example</i>	63
<i>Example</i>	64
<i>Credit policy and debt recovery</i>	65
<i>Example</i>	66
<i>Size of the enterprise</i>	68
<i>Example</i>	70
<i>Nature of the accounting system</i>	71

<i>Example</i>	74
<i>Timing Issue</i>	76
<i>Notification of Decision</i>	77
<b>Detailed contents list</b>	<b>78</b>
<b>Your comments</b>	<b>79</b>

## Your comments

79. If you wish to comment on this draft Ruling, please send your comments promptly by 5 May 2000 to:

**Contact Officer:** Anne Sweatman  
**Telephone:** (07) 385-34861  
**Facsimile:** (07) 3853 4822 or (07) 3853 4800  
**E-mail:** [GST-Rulings@ato.gov.au](mailto:GST-Rulings@ato.gov.au)  
**Address:** GST Rulings Unit  
 GPO Box 920  
 Brisbane Q 4001

---

### Commissioner of Taxation

12 April 2000

---

<i>Previous draft:</i>	- ANTS(GST)A99 29-45
Not previously issued in draft form	- ANTS(GST)A99 29-45(1)
	- ANTS(GST)A99 29-45(1)(b)
<i>Related Rulings/Determinations:</i>	- ANTS(GST)A99 29-45(2)
TR 98/1	- ANTS(GST)A99 29-50(1)
	- ANTS(GST)A99 29-50(3)
<i>Subject references:</i>	- ANTS(GST)A99 29-50(4)
- cash basis	- ANTS(GST)A99 29-50(5)
- creditable acquisition	- ANTS(GST)A99 195-1
- GST annual turnover	- ANTS(GST)A99 Div 159
- GST enterprise	- ANTS(GST)A99 Div 184
- GST turnover threshold	- ANTS(GST)A99 Div 188
- non-cash basis	- ITAA97 995-1
- taxable supply	- TAA53 62(2)
<i>Legislative references:</i>	<i>Case references:</i>
- ANTS(GST)A99 29-5(2)	- Commissioner of Taxes (SA) v.
- ANTS(GST)A99 29-10(2)	Executor Trustee and Agency Co of
- ANTS(GST)A99 29-40	South Australia Ltd (1938) 63
- ANTS(GST)A99 29-40(1)	CLR 108 (Carden's case);
- ANTS(GST)A99 29-40(1)(a)	- Barratt & Ors v. FC of T 92 ATC
- ANTS(GST)A99 29-40(1)(b)	4275; (1992) 23 ATR 339;
- ANTS(GST)A99 29-40(1)(c)	- Henderson v. FC of T (1970) 1
- ANTS(GST)A99 29-40(3)	ATR 596; 119 CLR 612; 70 ATC

# GSTR 2000/D5

- |                                       |  |
|---------------------------------------|--|
| 4016                                  | 1,390;                                 |
| - TRA Case K24 (1988) 10 NZTC<br>236; | - TRA Case J62 (1987) 9 NZTC<br>1,374; |
| - TRA Case J65 (1987) 9 NZTC          |  |
- 

ATO references:

NO 2000/5991

BO

FOI number:

ISSN: 1443-5160