

# ***GSTR 2000/30 - Goods and services tax: supplies that are GST-free for pre-school, primary and secondary education courses***



This cover sheet is provided for information only. It does not form part of *GSTR 2000/30 - Goods and services tax: supplies that are GST-free for pre-school, primary and secondary education courses*



This document has changed over time. This is a consolidated version of the ruling which was published on 8 May 2013



## Goods and Services Tax Ruling

### Goods and services tax: supplies that are GST-free for pre-school, primary and secondary education courses

Contents	Para
What this Ruling is about	1
Date of effect	5
Ruling	6
Explanations (this forms part of the Ruling)	12
Detailed contents list	146

#### *Preamble*

*This document was published prior to 1 July 2010 and was a public ruling for the purposes of former section 37 of the **Taxation Administration Act 1953** and former section 105-60 of Schedule 1 to the **Taxation Administration Act 1953**.*

*From 1 July 2010, this document is taken to be a public ruling under Division 358 of Schedule 1 to the **Taxation Administration Act 1953**.*

*A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.*

*If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you - provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.*

*[Note: This is a consolidated version of this document. Refer to the Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]*

## What this Ruling is about

1. This Ruling will help you work out which supplies of pre-school, primary and secondary education courses and which supplies related to such education courses, are GST-free under Subdivision 38-C of the *A New Tax System (Good and Services Tax) Act 1999* ('GST Act'). All legislative references in this Ruling are to the GST Act unless otherwise stated.
2. This Ruling only applies to pre-school, primary and secondary courses. When we use the term 'you' in this Ruling, we mean you as the supplier of such a course.
3. The Ruling discusses the GST-free supply of administrative services, field trips and excursions, course materials, the lease or hire

of curriculum related goods and student accommodation. This Ruling also deals with education related supplies that are not GST-free.

4. This Ruling does not deal with the application of Subdivision 38-G (non-commercial activities of charitable institutions, etc.) to the supplier of an education course.

## Date of effect

5. This Ruling applies [to tax periods commencing] both before and after its date of issue. However, this Ruling will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

5A. Changes made to this Ruling by Addenda that issued on 15 October 2003, 31 October 2012 and 8 May 2013 have been incorporated into this version of the Ruling.<sup>1A</sup>

## Ruling

6. The supply of an 'education course' is GST-free.<sup>1</sup> An education course includes pre-school, primary and secondary courses. These courses are defined in the Explanations section of this Ruling.

7. The following education related supplies are GST-free:

- supply of an **education course** includes tuition, facilities and other curriculum related activities and instruction;
- supply of **administrative services** directly related to the supply of an education course if the administrative services are supplied by the supplier of the course;<sup>2</sup>
- supply of **course materials** for a subject undertaken in an education course;<sup>3</sup>
- supply by way of **lease or hire of curriculum related goods** to a student by the supplier of a pre-school, primary or secondary course provided the supplier of the course retains ownership in those goods;<sup>4</sup>

---

<sup>1A</sup> Refer to each Addendum to see how that Addendum amends this Ruling.

<sup>1</sup> Section 38-85.

<sup>2</sup> Paragraph 38-85(b).

<sup>3</sup> Section 38-95.

<sup>4</sup> Section 38-97.

- supply of a **right** to receive GST-free education;<sup>5</sup>
- supply of an **excursion or field trip** but only if the excursion or field trip is directly related to the curriculum of an education course and is not predominantly recreational;<sup>6</sup>
- supply of **student accommodation** to students undertaking a primary or secondary course if the supplier of the accommodation also supplies the course;<sup>7</sup>
- supply of **student accommodation** to students undertaking a primary or secondary course if the accommodation is provided in a hostel whose primary purpose is to provide accommodation for students from rural or remote locations who are undertaking such courses;<sup>8</sup>
- supply of cleaning and maintenance, electricity, gas, air-conditioning or heating as part of the provision of student accommodation which is GST-free.<sup>9</sup>
- supply of telephone, television, radio or any other similar thing as part of the provision of student accommodation which is GST-free.<sup>10</sup>

8. The following supplies are not GST-free under Subdivision 38-C:

- supply of any food as part of an excursion or field trip;<sup>11</sup>
- supply of food as part of student accommodation;<sup>12</sup>
- supply by way of a sale of goods other than course materials.<sup>13</sup> (See paragraphs 70 to 82 for the definition of course materials); and
- a supply of membership to a student organisation.<sup>14</sup>

The basic rules of GST apply to these supplies.

---

<sup>5</sup> Paragraph 9-30(1)(b).

<sup>6</sup> Section 38-90.

<sup>7</sup> Subsection 38-105(1).

<sup>8</sup> Subsection 38-105(2).

<sup>9</sup> Paragraphs 38-105(3)(a) and (b).

<sup>10</sup> Paragraph 38-105(3)(c).

<sup>11</sup> Paragraph 38-90(2)(b).

<sup>12</sup> Subsection 38-105(4).

<sup>13</sup> Paragraph 38-100(a).

<sup>14</sup> Paragraph 38-100(b).

9. Where the charge you make to a student includes the sale of goods (other than course materials) or the supply of goods and services that are not part of the supply of the education course, you must apportion the fee between the GST-free and taxable parts of the supply.<sup>15</sup> This is commonly referred to as ‘unbundling’ or ‘disaggregation’ of the charge.

10. If the charge you make to a student consists of the provision of tuition, facilities and curriculum related activities and instruction only, you are not required to apportion the fee.

11. You will need to apportion a single fee charged for the supply of student accommodation, an excursion or a field trip that includes a supply of food. The Commissioner will accept an apportionment made on a reasonable basis.

## **Explanations (this forms part of the Ruling)**

### **Education course**

12. The supply of an education course is GST-free.<sup>16</sup> This means that no GST is payable on the supply and you are entitled to an input tax credit for anything acquired or imported to make that supply.<sup>17</sup>

13. The term ‘education course’ is defined in the GST Act to include (amongst other things):

- a pre-school course;
- a primary course; or
- a secondary course.<sup>18</sup>

14. The term ‘school’ means an institution that supplies pre-school courses, primary courses, secondary courses or special education courses.<sup>19</sup>

### **Pre-school course**

15. A pre-school course means a course that is delivered:

- (a) in accordance with a pre-school curriculum recognised by:
  - (i) the education authority of the State or Territory in which the course is delivered; or

---

<sup>15</sup> Section 9-80.

<sup>16</sup> Paragraph 38-85(a).

<sup>17</sup> Section 38-1.

<sup>18</sup> Section 195-1.

<sup>19</sup> Section 195-1.

- (ii) a State or Territory body that has the responsibility for recognising pre-school curricula for courses delivered in that State or Territory; and
- (b) by a school that is recognised as a pre-school under the law of the State or Territory.<sup>20</sup>

16. A pre-school curriculum includes programs for the development and education of children in the years prior to the commencement of a primary school course.

17. The term 'pre-school curriculum' used in the definition of a pre-school course includes curriculum guidelines, curriculum frameworks and similar terms used by the relevant authorities of the State or Territory.

18. A pre-school course must be delivered by a school. A school, for the purposes of the GST Act, is an institution that is approved by the relevant state or territory body, to conduct a pre-school course.

### **Primary course**

19. A primary course means:

- (a) a course of study or instruction that is delivered:
  - (i) in accordance with a primary curriculum recognised by the education authority of the State or Territory in which the course is delivered; and
  - (ii) by a school that is recognised as a primary school under the law of the State or Territory; or
- (b) any other course of study or instruction that the Education Minister has determined is a primary course for the purposes of this Act.<sup>21</sup>

20. A primary course is any course delivered by a school in accordance with the primary curriculum recognised by the education authority of the State or Territory. A school, as defined in the GST Act, is an institution approved by the education authority of a state or territory, to conduct a primary course.

21. In practice, schools may vary the delivery of the primary curriculum. In these circumstances, the school curriculum is still a primary course.

---

<sup>20</sup> Section 195-1.

<sup>21</sup> Section 195-1.

22. Regardless of whether a course of study or instruction meets the requirements of paragraph (a) of the definition of primary course, the Education Minister<sup>22</sup> can determine that a course is a primary course for the purposes of the GST Act.<sup>23</sup>

## Secondary course

23. A secondary course means:

- (a) a course of study or instruction that is a secondary course determined by the Education Minister under subsection 5D(1) of the *Student Assistance Act 1973* for the purposes of that Act; or
- (b) any other course of study or instruction that the Education Minister has determined is a secondary course for the purposes of this Act.<sup>24</sup>

24. Under the Education Minister's determination, a secondary course can be delivered by a recognised secondary school, a registered training organisation, a higher education institution or a special school.<sup>25</sup>

25. A secondary course includes all secondary courses covered by the determination made by the Education Minister under the *Student Assistance Act 1973*.<sup>26</sup> This determination is also used to identify those courses that students must be undertaking to be eligible for income support as full-time students. The determination lists the type of course and types of educational institutions that can deliver the course. The eligibility of courses for the *Student Assistance Act 1973* is reviewed periodically by the Education Minister.

26. Apart from any determination referred to in paragraph (a) of the definition of a secondary course, the Education Minister can determine that any other course of study or instruction is a secondary course for the purposes of paragraph (b) of the definition.<sup>27</sup>

27. Only courses covered by the Education Minister's determination under subsection 5D(1) of the *Student Assistance Act*

<sup>22</sup> Section 195-1. All references to the Education Minister are references to the Commonwealth Education Minister.

<sup>23</sup> Section 195-1. A determination made by the Education Minister must have regard to the Intergovernmental Agreement and other agreements pursuant to section 21 of the *Federal Financial Relations Act 2009*.

<sup>24</sup> Section 195-1.

<sup>25</sup> Determination of Education Institutions and Courses under subsections 3(1) and 5D(1) of the *Student Assistance Act 1973*.

<sup>26</sup> A copy of the Education Minister's Determination can be found on the website of the Department of Education, Science and Training at [www.dest.gov.au](http://www.dest.gov.au).

<sup>27</sup> A determination made by the Education Minister must be approved by Ministerial Council under the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.

1973 or under a separate determination, are GST-free as secondary courses.

28. It is considered that reference to subsection 5D(1) of the *Student Assistance Act 1973* includes both paragraphs (a) and (b) of that subsection and a secondary course includes a part of a course of study or instruction.<sup>28</sup> Therefore parts of a secondary course including the study of one subject or module is covered by the Education Minister's determination under subsection 5D(1) of the *Student Assistance Act 1973* and is GST-free.

### **Education supplies**

29. The supply of an education course is GST-free.<sup>29</sup> In certain circumstances, the following associated supplies are also GST-free:

- administrative services;<sup>30</sup>
- lease or hire of curriculum related goods,<sup>31</sup>
- course materials<sup>32</sup>
- rights to receive a GST-free education course;<sup>33</sup>
- excursions or field trips;<sup>34</sup>
- student accommodation.<sup>35</sup>

Each of these education supplies is explained in the paragraphs below.

### ***Supply of an education course***

30. Where you charge a fee for the supply of an education course that consists of tuition, facilities and other curriculum related activities and instruction only, this fee is GST-free.<sup>36</sup>

### ***Tuition***

31. The terms 'tuition' and 'curriculum' are not defined in the GST Act and therefore these terms take on their ordinary meanings.

---

<sup>28</sup> Compare the reference to paragraph 5D(1)(a) to the wording in the GST Act.

<sup>29</sup> Paragraph 38-85(a).

<sup>30</sup> Paragraph 38-85(b).

<sup>31</sup> Section 38-97.

<sup>32</sup> Section 38-95.

<sup>33</sup> Paragraph 9-30(1)(b).

<sup>34</sup> Section 38-90.

<sup>35</sup> Section 38-105.

<sup>36</sup> Paragraph 38-85(a).



32. The Macquarie Dictionary defines the term ‘*Tuition*’ as – ‘1. teaching or instruction, as of pupils, 2. the charge or fee for instruction’. ‘*Curriculum*’ is defined as ‘1.the aggregate of courses of study given in a school, college, university, etc. 2. The regular or a particular course of study in a school, college, etc.’.<sup>37</sup>

33. It is not the intention of this ruling to define what a particular curriculum for a pre-school, primary or secondary course should include. This is the responsibility of the State and Territory Departments that are responsible for approving those courses.<sup>38</sup>

## *Facilities*

34. The supply of facilities is part of the supply of an education course. Facilities include such items as the provision and maintenance of buildings, grounds, libraries, computer and science laboratories.

35. Facilities also include access to the Internet, the provision of classroom sets of textbooks, sporting and musical equipment, computers including printers and any other curriculum related items.

36. As the supply of facilities is part of the supply of an education course, it is irrelevant whether the amount charged for the supply of the facilities is included in the fee you charge for the course or whether it is charged separately. It is also irrelevant whether payment for the supply of facilities is made voluntarily or compulsorily.

37. Voluntary contributions made to school building funds will be considered to be gifts if the school building fund has gift deductibility status under section 30-25 item 2.1.10 of the *Income Tax Assessment Act 1997*. Gifts to a non-profit body are not consideration for a supply and therefore will not be subject to GST<sup>39</sup>.

## *Example - facilities*

38. *Rowing is offered as part of the Physical Education subject at St Patrick’s Secondary School. The school owns rowing sheds that are located on the local river that house the boats and equipment. The rowing sheds are treated as part of the school facilities.*

<sup>37</sup> *The Macquarie Dictionary* 1997, 3<sup>rd</sup> edition, Sydney.

<sup>38</sup> Whilst the relevant State or Territory body approves the curricula for secondary courses, the Education Minister determines whether a secondary course is GST-free.

<sup>39</sup> Subsection 9-17(2).

*Example - capital levy*

39. *MVC Primary School charge parents a capital improvement levy. The levy is a compulsory contribution made by parents towards the general infrastructure of the school, including the school buildings. This fee is consideration for the supply of the school facilities. As the supply of facilities is part of the supply of an education course, this contribution is GST-free.*

*Example - Internet charges*

40. *Dianne is undertaking her final year of a secondary course. Part of the tuition fee charged for the year includes a charge for access to the school's Internet service. Dianne is allocated 10 hours of Internet use to complete curriculum related activities during the year.*

41. *Access to the school's computer services is part of the school facilities and the charge for this service is GST-free. A supply by an Internet service provider direct to the student is subject to GST.*

*Curriculum related activities and instruction*

42. The supply of curriculum related activities is part of the supply of an education course. Curriculum related activities include visits to you by organisations such as animal farms, theatre companies and science fairs.

43. The supply of curriculum related instruction is part of the supply of an education course. Curriculum related instruction includes instruction by external tutors or any third parties engaged by you to deliver part or all of the curriculum. It also includes remedial and advanced (extension) teaching provided by you for individual students.

44. As the supply of curriculum related activities and instruction is part of the supply of an education course, it is irrelevant whether the amount charged for the activity or instruction is included in the fee you charge for the course or whether it is charged separately. The amount charged must be paid to you, as the supplier of the education course. If the amount charged for the activities or instruction is paid by students to the provider of the activities or instruction, it is not GST-free to students as a supply of an education course.<sup>40</sup>

---

<sup>40</sup> The provider of the curriculum related activities should also refer to section 38-250 of the GST Act.

45. However, if the provider is approved by the relevant state or territory body to conduct a pre-school, primary or secondary course, the supply made to students is the supply of an education course in its own right and is GST-free.

46. If the supply of the activity or instruction to you is made by an entity that is registered or required to be registered, the supply to you is a taxable supply<sup>41</sup> and the amount you pay for the activities or instruction includes GST. You are entitled to input tax credits in respect of the GST paid on the acquisitions by you of activities or instruction. The subsequent supply that you make to students is GST-free.

## *Example – Remedial Teaching*

47. *Georgia is a Year 7 student and the school engages a private tutor to assist Georgia with her reading skills. The private tutor charges the school a GST inclusive fee. Engaging the services of private tutors to assist students with learning difficulties is a creditable acquisition and the school is entitled to an input tax credit for the GST paid. The subsequent supply by the school to Georgia is GST-free.*

## *Example – Drug Education*

48. *An organisation offers drug education services to local organisations and community groups including schools. The organisation approaches Warranvale High to park their caravan in the school grounds and to give students the option of attending their seminar on drugs.*

49. *The organisation charges the students directly for attending their seminar. The charge is a GST-inclusive fee as the seminar is not conducted by the school.*

50. *Had the school contracted with the organisation directly, the fee charged to the school would still be taxable. If the school determined that the course was related to its curriculum, the fee charged to students would be GST-free and the school would be entitled to claim an input tax credit.*

---

<sup>41</sup> Section 9-5.

***Supply of an education course – apportioning the fee******All Inclusive Fee***

51. Where you charge a single fee to a student which may include any of the following:

- the sale of goods;
- the supply of items that are not part of the supply of the education course;
- a field trip or excursion that is predominantly recreational;
- the provision of food; or
- a membership to a student organisation;

you must apportion the fee between the GST-free, input taxed and taxable parts of the supply. (The above list is not exhaustive. See Appendix 1 for a comprehensive case study of the apportionment between taxable and GST-free supplies).

***Separate Fees***

52. Where you calculate the amount owing by a student by reference to separate supplies, you are required to determine the GST liability for the taxable part of each supply. You are required to do this regardless of how you label the supply, for example, subject levy, resource levy, general contribution, combined levies, administrative fees or levies.

53. Where you calculate the amount owing by a student by reference to an itemised list, you are required to determine the GST liability in respect of each item.<sup>42</sup>

***Example - separate supplies***

54. *Mary is undertaking a secondary education course. As part of the school's secondary curriculum, she takes media studies that includes photography.*

55. *The school charges a tuition fee for the year and additional subject levies, including a media studies levy. The levy includes a charge for the media studies instruction and the purchase of a camera. The school bills Mary's parents for the tuition fee and the levy.*

---

<sup>42</sup> Refer to Goods and Services Tax Ruling GSTR 2013/1 for tax invoice requirements.

56. *As the levy includes the sale of a camera, that supply by the school is a taxable supply and GST will be included on that part of the subject levy that relates to the sale of the camera.*

*Example - supplies not delivered by the supplier of the education course*

57. *A music teacher gives private music lessons to school students. These lessons are not delivered by the supplier of an education course. The supply of the private music lessons is not the delivery of part or all of the curriculum.*

58. *If the music teacher is registered for GST purposes, the supply of private music lessons is a taxable supply and is subject to GST – it is not the supply of an education course. It is irrelevant whether the supply of music lessons in this fashion is made in a school building or at the music teacher's studio.*

### ***Students attending two schools***

59. Sometimes students enrolled at a school also attend classes at a second school paying fees at both schools. These school fees, to the extent that they are for the supply of an education course as outlined in this Ruling, are GST-free.

### ***Single Subjects***

60. Some students are required to undertake one or more secondary subjects conducted by a tertiary institution as prerequisites to studying a tertiary course. Single secondary subjects offered by a tertiary institution will be GST-free as a supply of a secondary education course.

61. Single subjects from an approved secondary course taken in isolation are covered by the Education Minister's determination under subsection 5D(1) of the *Student Assistance Act 1973*, and are GST-free.

### ***Deposits***

62. GST is not payable on deposits held as security unless the amount is subsequently forfeited or applied towards the consideration for a taxable supply.<sup>43</sup>

---

<sup>43</sup> Division 99.

63. For example, if a student pays a security deposit in addition to the hire charge for a musical instrument he or she uses while playing in the school concert band and the student does not return the instrument, you are liable for GST equal to 1/11<sup>th</sup> of the amount of the deposit retained. You account for GST payable in the tax period in which the deposit is forfeited for the taxable supply.<sup>44</sup>

### ***Supply of administrative services***

64. If you charge for the supply of an administrative service directly related to the supply of an education course, then the supply is GST-free under paragraph 38-85(b).

65. The supply of administrative services directly related to the supply of an education course includes:

- (a) enrolment processing;
- (b) issue of identity cards;
- (c) assessment of students;
- (d) processing academic and sporting results;
- (e) preparation and printing of student progress reports;
- (f) arrangement of meetings with students, parents, guardians;
- (g) record-keeping;
- (h) administration of Speech Days and other similar school activities;
- (i) administration of the school library;
- (j) administration of a textbook scheme;
- (k) administration of the sale, lease or hire of school equipment to students as part of the supply of an education course to the students; and
- (l) administration of the supply of course materials.<sup>45</sup>

### ***Example – Library Fees***

66. *A library at a secondary school charges students for replacing lost or damaged library cards, lost and damaged books and for the late return of library books.*

---

<sup>44</sup> Paragraph 99-5(1)(a) and paragraph 9-10(2)(g) of the GST Act.

<sup>45</sup> The list of administrative services is not exhaustive.

67. *The fee charged for replacing a lost or damaged library card is part of the administration of the library directly related to the supply of a secondary course and is GST-free.*

68. *A charge imposed for the late return of library books that is designed to induce compliant behaviour with the use of library facilities, or to cover additional administration costs in relation to the borrowing, would be characterised as a fine and not subject to GST.*

69. *However, payment arrangements which contemplate the disposal of the book or the effective use of the book for the period of the course would not be in the nature of a fine. The disposal of a book is a sale and is subject to GST. A charge for the use or hire of the book for the duration of the course is GST-free.*

## ***Supply of course materials***

70. If the fee you charge for the supply of an education course includes a fee for course materials provided as part of subjects undertaken in an education course, the supply is GST-free under section 38-95 of the GST Act.

71. Materials or items will be considered to be course materials if all of the following requirements are met:-

- The materials or items are provided by you to students.
- The materials are necessarily consumed or transformed by the students undertaking the course; and
- The materials are consumed or transformed for the purpose of the course.

## ***What are 'course materials'?***

72. Course materials are defined as materials that you supply that are **necessarily** consumed or transformed by the students undertaking the course, for the purpose of the course. This requirement means that the materials must be essential or fundamental for the student to use up or convert in undertaking the course. If the student purchases materials directly from a third party such as a stationer, the supply is not the supply of course materials and the basic rules for the GST apply.

73. Course materials are materials or items provided by you to students. The course materials are required by the student in undertaking a pre-school, primary or secondary course and are used up or converted into classwork, such as paintings etc. Hence the effective life of course materials is limited to the duration of the course.

**What is the meaning of ‘provided’ by you to students?**

74. Provided is not defined in the GST Act and therefore takes on its general meaning. ‘Provide’ is defined to mean ‘to furnish or supply’<sup>46</sup>. ‘Supply’, in this context, takes on its ordinary meaning rather than its GST meaning and is defined to mean ‘to furnish a person with what is lacking or requisite’ or ‘to furnish or provide (something wanting or requisite)’<sup>47</sup>. A ‘requisite’ is defined to mean ‘a necessary thing’ or something ‘required by circumstances’.<sup>48</sup>

75. It is your responsibility to determine what is needed by a student in undertaking a pre-school, primary or secondary course, for example by way of a book list. If you make these items available to students undertaking the course, whether or not by way of a sale, the items will be GST-free.

**What is the meaning of ‘for the purposes of the course’?**

76. Course materials are only those materials that are necessarily consumed or transformed by the students undertaking the course for the purpose of the course. ‘Purpose’ is to mean ‘the object for which anything exists or is done, made, used, etc’ or ‘an intended or desired result; end or aim’<sup>49</sup>. For the purposes of the GST Act, only those materials listed by you as being necessary for a particular course or subject are GST-free. Only those consumable stationery items that are required to undertake the course that are listed on a book list are GST-free. Any reasonable replacement of an item listed on a book list will also be GST-free.

**What is meant by ‘consumed’ or ‘transformed’ ?**

77. Course materials must be used up or converted into classwork, such as paintings etc. Hence the effective life of course materials is limited to the duration of the course. ‘Consumed and transformed’ has a narrow application in that it applies to materials that are provided by you to students in undertaking a subject such as cooking ingredients in a cooking class, cotton in a textiles class etc. However for the purposes of the GST Act, course materials will also extend to cover things that are also effectively used up in undertaking the course.

---

<sup>46</sup> Macquarie Dictionary 1997 3<sup>rd</sup> Edition Sydney

<sup>47</sup> Macquarie Dictionary 1997 3<sup>rd</sup> Edition Sydney

<sup>48</sup> Macquarie Dictionary 1997 3<sup>rd</sup> Edition Sydney

<sup>49</sup> Macquarie Dictionary 1997 3<sup>rd</sup> Edition Sydney



78. The term '**consumed**' means destroyed or expended by use; used up. In the definition of course materials, 'consumed' is qualified by the requirement that it be '... by students undertaking the course for the purposes of the course'. So, if in undertaking a subject in an education course, a student uses up or expends materials, the student has consumed course materials. For example, the supply of a workbook that requires the student to complete exercises in it is a course material and therefore is GST-free.

79. The term '**transformed**' means changed in form; changed to something of a different form; or changed in appearance, condition, nature or character, especially where the change is complete or extensive. It has also been defined to mean 'to change in character or condition; to alter in function or nature'. Examples of materials that are changed in form include cooking ingredients in a home economics class, or wood in a manual arts class, or chemicals in a chemistry class.

80. The following are examples of course materials when supplied by the educational institution:<sup>50</sup>

- photocopied or printed educational materials that specifically relate to the course;
- course notes for a particular course;
- unexposed film and developing chemicals;
- art supplies;
- ingredients used in a cooking class, wood used in a woodwork class and chemicals used in a chemistry class;
- work books that provide space for students to complete exercises, etc.; and
- consumable stationery items specified by you that are necessary for students to undertake the course.

81. The following are examples of materials that are not course materials:<sup>51</sup>

- textbooks<sup>52</sup>;
- musical instruments;

---

<sup>50</sup> The list is not exhaustive.

<sup>51</sup> The list is not exhaustive and these items may be considered to be facilities. Refer to paragraphs 34 to 41.

<sup>52</sup> The Education Textbook Subsidy Scheme applies to textbooks. The Department of Education, Science and Training (DEST) administers the Educational Textbook Subsidy Scheme. Information on the scheme can be obtained by telephoning DEST on 1300 139 249 or accessing the following website: [www.dest.gov.au](http://www.dest.gov.au).

- computers;
- calculators; and
- sporting equipment.

82. Although the items mentioned in paragraph 81 may be used in undertaking courses, these items retain their generic application for other purposes and are not consumed or transformed in the manner outlined in paragraphs 70 to 80.

*Example – Course Packs*

83. *At the beginning of the year a primary school charges each student a fee for a ‘course pack’. The course pack includes consumable supplies such as art materials, exercise books, pencils, paint, a calculator and compass.*

84. *The students require the course packs in undertaking their primary course. The consumable supplies such as art materials, exercise books, pencils and paint are course materials that students use up and convert into classwork in undertaking their primary course and are GST-free.*

85. *The calculator and compass are not course materials and are subject to GST as these items are not consumed or transformed as part of the primary course.*

86. *The charge for the course pack needs to be apportioned between the GST-free and taxable parts of the supply.*

87. *After 1 July 2000 the primary school reviews its practices and supplies two course packs to students. One pack contains GST-free course materials and the other pack includes the materials subject to GST.*

***Supply by way of lease or hire of goods***

88. The lease or hire of curriculum-related goods to students undertaking a pre-school, primary or secondary course are GST-free provided certain conditions are met.

89. To qualify for this treatment, the following four conditions must be met:-

- (i) the supply must be directly or principally for use by a student in undertaking a pre-school, primary or secondary course; and
- (ii) the goods must be hired or leased by you as the provider of a pre-school, primary or secondary course; and

- (iii) at all times, you retain the right to decide who uses the goods and the use to which the goods will be put; and
- (iv) there is not any transfer, or agreement to transfer ownership of the goods or imposing an obligation, or conferring a right, to transfer ownership of the goods to any student at any stage.<sup>53</sup>

90. The supply you make is in the nature of hire when a student has exclusive use of the thing supplied through payment of a fee or charge, whether the charge is separate to or embedded in another fee or charge.

91. For example, the hire of textbooks and musical instruments, or the supply of a laptop computer by way of lease for a student to use in undertaking a pre-school, primary or secondary course will be GST-free.

#### *Example – Laptop computers*

92. *Joshua attends Blair College and needs access to a laptop computer in undertaking his secondary course. Blair College leases a number of laptop computers from Howard's Computer Store. As part of the lease arrangement with Howard's Computer Store, Blair College has the right to decide who uses the laptop computers and has the right to subsequently hire the laptop computers to its students for a fee.*

93. *The hire of the laptop computer for Joshua's exclusive use is GST-free as the hire arrangement between Joshua and Blair College does not include any agreement to transfer ownership of the goods to Joshua at any stage.*

#### ***Supply by way of sale, lease or hire of goods other than course materials***

94. If you supply by way of a sale, lease or hire of goods other than course materials<sup>54</sup>, the supply will attract GST. The sale of education related goods also attracts GST.<sup>55</sup>

95. A sale by you occurs where property in the goods passes to the recipient of the supply.

---

<sup>53</sup> Section 38-97.

<sup>54</sup> Section 38-100 of the Act does not imply that course materials can be sold GST-free. Course materials are GST-free under section 38-95 of the Act as course materials.

<sup>55</sup> Section 38-100.

96. The supply of goods and services attracts GST under section 9-5 as taxable supplies. Examples of supplies of goods and services supplied by you that are subject to GST by virtue of section 9-5 are contained in Appendix 2 to this Ruling.

*Example - Recorder*

97. *Marvin attends a primary school that charges a music levy for the supply of a recorder for use during the year. Marvin retains ownership of the recorder at the completion of the course.*

98. *The supply of the recorder is a sale of goods that are not course materials and is subject to GST.*

***Right to receive GST-free education***

99. The supply of a right to receive a supply that would be GST-free under Subdivision 38-C is also GST-free.<sup>56</sup>

100. Where you charge a fee that creates a right for a student to receive a pre-school, primary or secondary course, that supply is GST-free. Such fees include charges for enrolling in a course and fees charged to confirm a student's place at a school.

101. Where an agent acting on your behalf charges a fee that legally binds you to provide a pre-school, primary or secondary course to a student, that fee is also GST-free.

102. Where you charge a fee that merely creates a right to be considered for a position in a school and it does not guarantee entry to a pre-school, primary or secondary course, that charge is not a supply of a right to receive a GST-free course and is subject to GST. Such rights include putting a student's name on a waiting list.

*Example – Enrolment Fee*

103. *A local council organises the enrolment process for all children in its district in pre-school courses. Some of the pre-school courses are conducted by the council and some are offered by private providers. The council acts as agent for the private providers in allocating children to their courses. The council charges parents a fee of \$50 that guarantees each child a place in the closest pre-school located to their address. When the fee is collected from the parents it is not known whether a child will be enrolled in a council run pre-school course or a privately run pre-school course. In either case, the council is either acting as agent or acting in its own right in allocating rights for children to attend pre-school courses.*

---

<sup>56</sup> Paragraph 9-30(1)(b).

104. *The fee creates a right for a student to receive a pre-school course and is a GST-free supply.*

### ***Supply of excursions or field trips***

105. If you supply to students excursions or field trips that are directly related to your curriculum and are not predominantly recreational in nature, the supply is GST-free, except for any food component.

106. You make a supply of an excursion or field trip where you coordinate the various elements for the recipients of the supply. These elements include transport, accommodation, entry fees, etc. You work out the charge of the excursion or field trip to each student. Where this is the case, the supply of the excursion or field trip is GST-free to the student.

107. Where you engage a third party to provide all or a part of your excursion or field trip and you pay the third party for this, you are entitled to an input tax credit for the GST paid on the creditable acquisition. The subsequent supply to the student by you is GST-free.

108. It is administratively difficult for a third party to determine whether an activity is directly related to the school curriculum. Only you as the provider of the course can make that decision. Consequently, where a third party supplies any part of the excursion or field trip directly to students and/or staff, this supply is a taxable supply.

109. Any supply of food as part of the excursion, whether supplied by you or by another supplier, is not GST-free under Subdivision 38-C.<sup>57</sup> It is subject to the GST rules relating to food that are contained in Subdivision 38-A.

110. The Commissioner will accept an apportionment on a reasonable basis between the cost of the excursion and the supply of food and other costs. You should apply the basis for apportionment consistently and retain appropriate records.

---

<sup>57</sup> Paragraph 38-90(2)(b).

111. If the activities are directly related to your curriculum, you must then assess whether they are predominantly recreational. To determine whether an excursion or field trip is predominantly recreational, you must consider all the relevant factors relating to the activities in the excursion or field trip. For instance, the time, cost, or purpose of the excursion or field trip would be relevant in determining whether the activities are predominantly recreational. For example, an end of year trip to a Gold Coast theme park or a trip to watch a NRL football match would be predominantly recreational and GST would be payable on these trips.

*Example - GST-free excursion or field trip and supply of food that is not GST-free*

112. *A primary school supplies an excursion to its Year 5 class to a capital city for a four day visit. The school arranges to visit the art gallery, museum and other venues that directly relate to the school curriculum undertaken by the students. The class also attends the local cinema and swimming pool for recreation.*

113. *The school principal considered that the excursion was directly related to the school curriculum. He also considered whether the excursion was predominantly recreational. He considered the time, cost and purpose of the excursion. As the time to be spent at the cinema and swimming pool totalled five hours over the four days and as the cost of these activities was only \$15 per student compared to the total cost of the excursion, the principal determined that the supply of the excursion was not predominantly recreational and the total amount remained GST-free.*

114. *The supply of the food component of the excursion is subject to the GST rules relating to the supply of food. As the food was supplied on premises, the food component is subject to GST.*

115. *The travel, accommodation and entry fees were packaged by a travel agent for the school. The travel agent's quote of \$660 (GST inclusive) per student was accepted by the school. The supply of the excursion by the school to each student is GST-free. The school charges each student \$600 and collects the money prior to paying the travel agent. The school is entitled to an input tax credit of \$60 per student for the creditable acquisition of the travel arrangements.*

*Example - supply of an excursion to sporting events directly related to the curriculum*

116. *Students from secondary schools from all over the State attend the annual State Secondary Schools' Athletics championships ('SSSA'). The students represent the particular region in which their school is located. They are eligible for these championships by qualifying through school, district and regional competition. Competitors purchase their region's athletics uniform, pay registration fees and pay for travel to get to the venue.*

117. *All these charges are paid by the students to the schools. The schools are entitled to input tax credits for the creditable acquisitions of the uniforms, registration and travel. Participation in the SSSA championships at the representative level is directly related to the curriculum of a secondary course. The supply by the schools of the excursion to the SSSA championships is GST-free. The sale of the athletics uniform to students is a taxable supply and the school will include GST in the price charged for the uniform.*

*Example - taxable supply by a third party of an excursion to a swimming carnival*

118. *The staff and students of a girls' college attend an inter-school swimming carnival to participate in the carnival and support the school team. The transport is supplied by a private bus company – it packages the transport and entry to the pool. The students and staff pay the company directly for the excursion.*

119. *Although the sport of swimming and participation in inter-school sport are directly related to the school curriculum, the supplier of the education course does not supply the excursion. For this reason, the supply of the excursion is not GST-free to the students. The supply of the excursion to staff is not GST-free.*

120. *However, had the girls' college engaged the bus company to supply the packaged excursion, the supply to students and staff would have been GST-free.*

### **Supply of student accommodation**

121. A supply of student accommodation<sup>58</sup> to students undertaking primary and secondary education courses is GST-free if the supply of the accommodation is made by the supplier of the course.<sup>59</sup>

---

<sup>58</sup> Subsection 38-105(3).

<sup>59</sup> Subsection 38-105(1).

122. Accommodation provided by a hostel whose primary purpose is to provide accommodation to students from rural or remote locations is GST-free to students undertaking a primary or secondary education course.<sup>60</sup>

123. Services supplied to students as part of the student accommodation, such as the supply of cleaning and maintenance, electricity, gas, air-conditioning or heating are GST-free.<sup>61</sup>

124. Also, the supply of telephone, television, radio or any other similar thing as part of the provision of student accommodation is GST-free.<sup>62</sup>

125. Where a school or hostel supplies food to boarding students as part of their board, the supply is subject to the GST rules relating to food that are contained in Subdivision 38-A.<sup>63</sup>

126. Personal laundry services supplied to students by the provider of the education course as part of the provision of student accommodation are GST-free. However, where a third party provides laundry services directly to students, these supplies are not incidental to the provision of student accommodation and are subject to GST.

127. Where a school or hostel supplies to students trips to cinemas, or trips to the local shopping centres as part of their board, these supplies attract GST under section 9-5 of the Act as taxable supplies.

128. The Commissioner will accept an apportionment on a reasonable basis between the cost of the accommodation, the supply of the food and the supply of other taxable supplies. This basis is up to you. You should apply the basis of apportionment consistently and retain appropriate records.

*Example - GST-free supply of student accommodation*

129. *Michael is a Year 10 student who boards at a school in Sydney. As the supplier of the accommodation is the school, the supply of the student accommodation to Michael is GST-free, except for the supply of food. The school considers Subdivision 38-A and determines that the supply of food to its boarders is taxable.*

---

<sup>60</sup> Subsection 38-105(2).

<sup>61</sup> Paragraphs 38-105(3)(a)&(b).

<sup>62</sup> Paragraph 38-105(3)(c).

<sup>63</sup> Subsection 38-105(4).



130. *In order to apply the GST rules, the bursar has to decide whether to cost the food supplied directly or by reference to an apportionment. A report is prepared on the value of food and accommodation in the boarding fee. The bursar analyses historical and contemporary data and concludes that food consistently represents 28 per cent of the school's charge for board and accommodation. This percentage does not vary significantly from year to year. The bursar decides that this is a reasonable basis on which to determine GST liabilities.*

131. *Michael's fees include the GST applicable to the food supplied as part of the supply of student accommodation.*

## **Record keeping - general requirements**

132. If you make a taxable supply, a creditable acquisition or a creditable importation, you must keep records that show and explain all transactions and other acts you engage in that are relevant to that taxable supply, acquisition or importation. You must retain those records for at least five (5) years after the completion of the transaction or acts to which they relate. The records must be such as to enable your liability under the GST Act to be readily ascertained.

133. It follows that you should retain records relating to the calculation of taxable supplies and GST-free supplies. Records that you usually keep for administrative or accounting purposes should be sufficient to satisfy these requirements. Where this is not the case, you may need to keep additional records.

## **Tax Invoices**

134. You must provide a tax invoice for any of the taxable supplies you make within 28 days of being requested by the recipient of the supply.<sup>64</sup>

135. Where you make a mixed supply, the tax invoice must satisfy the requirements of subsection 29-70(1), including that it contains enough information to clearly ascertain:

- what is supplied, including the quantity and price;
- the extent to which each supply is a taxable supply; and
- the amount of GST payable in relation to each supply.<sup>64A</sup>

<sup>64</sup> Subsection 29-70(2).

<sup>64A</sup> For more information on the tax invoice requirements for mixed supplies, see GSTR 2013/1.

136. An invoice can be generated for a GST-free supply. The same format as a tax invoice may be used provided the invoice clearly specifies that GST has not been charged on the supply.

## **Appendix 1**

### ***Case study: apportionment between taxable and GST-free supplies***

137. A school has an annual school fee of \$11,870 (excluding GST) for Years 8 to 10.

138. The fee for the 'course' covers salaries, facilities (including provision of lockers), utilities, individual lease of a notebook computer, textbook hire and school uniforms, the ongoing maintenance and construction of school buildings and other costs related to the supply of the 'course' (use of laboratory coats, camps and computer administration).

139. The school has a GST liability for that part of the annual school fee that represents the supply of a school uniform. GST is payable on the remaining supply and the school is entitled to an input tax credit for anything acquired or imported to make any supply.

140. The school must determine the GST liability for the supply of the 'course' by apportioning the annual school fee between its taxable and GST-free components.

141. To work out the school's GST liability on the annual school fee for the 'course', the school identifies the taxable parts of the supply that consists of the following:

<b>Part of the supply of the 'course'</b>	<b>Value (\$) (GST exclusive)</b>	<b>GST-free Yes (Y)/ No (N)</b>	<b>Explanation</b>
Tuition	3,500	Y	Tuition is part of the supply of an education course: paragraph 38-85(a).
Facilities and maintenance thereof (including provision of lockers)	2,850	Y	Facilities are part of the supply of an education course: paragraph 38-85(a).
Utilities	250	Y	Facilities are part of the supply of an education course: paragraph 38-85(a).
Individual notebook	2,900	Y	Lease of curriculum related goods: section 38-97.

**GSTR 2000/30**

<b>Part of the supply of the 'course'</b>	<b>Value (\$) (GST exclusive)</b>	<b>GST-free Yes (Y)/ No (N)</b>	<b>Explanation</b>
computer			
Textbook hire	500	Y	Hire of curriculum related goods section 38-97.
School uniforms	1,000	N	Sale of goods that are not course materials: paragraph 38-100(a).
School building levy	220	Y	Facilities are part of the supply of an education course: paragraph 38-85(a).
Laboratory coats	100	Y	Use of facilities: section 38-85.
Camp, excluding food	280	Y	Field trip or excursion (not predominantly recreational): section 38-90.
Computer administration	270	Y	Supply of an administrative service: paragraph 38-85(b).
<b>Annual school fee</b>	<b>11,870</b>	-	-

*\* For GST purposes, a 'maintenance levy' is treated similarly to a school building levy charge.*

142. The taxable parts of the fee total \$1,000. The GST on the taxable value is \$100 (10 per cent of \$1,000). The school is liable for \$100 GST on the supply of the 'course'.

143. The school sends out an invoice to the parents showing the annual school fee of \$11,970 (made up of \$10,870 GST-free, \$1,000 taxable part of the supply and \$100 GST).

**Appendix 2**

144. The following education related supplies of **goods** (that are not course materials) are subject to GST where they are supplied by way of sale. The list is not exhaustive:

- (a) school bags and uniforms;  
(However, where you facilitate the sale of second-hand uniforms, bags or books on behalf of students/parents and you do not receive any commission, the sale is not a taxable supply by you.)
- (b) school insignia patches and honour blazers;
- (c) sports clothes;

- (d) (If you make a supply of second-hand clothes and other goods, you should consider whether the supply is GST-free under Subdivision 38-G.)
- (e) school products or goods produced and sold by the school (such as paintings, crafts, wood work and similar goods);
- (f) musical instruments;
- (g) equipment; and
- (h) new and second-hand books.<sup>65</sup>

145. The following education related supplies of **services** are subject to GST. The list is not exhaustive.

- (a) advertising space in the school magazine, newsletter or billboards

(Where you receive a commission on the sale of goods, services or anything else, the commission is consideration for the supply. GST is payable because you are making a taxable supply.);

- (b) debutante ball;
- (c) movie nights where they are not related to the curriculum;
- (d) school facilities supplied to third parties;
- (e) transport for students to and from school; and
- (f) before and after school care.

(If you make a supply of before and after school care, you should consider whether the supply is GST-free under Subdivision 38-D - Childcare.)

---

<sup>65</sup> If you make a supply of second-hand furniture, books or other goods, you should consider whether the supply is GST-free under Subdivision 38-G.

## Detailed contents list

146. Below is a detailed contents list for this Ruling:

	<b>Paragraph</b>
<b>What this Ruling is about</b>	<b>1</b>
<b>Date of effect</b>	<b>5</b>
<b>Ruling</b>	<b>6</b>
<b>Explanations (this forms part of the Ruling)</b>	<b>12</b>
Education course	12
Pre-school course	15
Primary course	19
Secondary course	23
Education supplies	29
<i>Supply of an education course</i>	30
<i>Tuition</i>	31
<i>Facilities</i>	34
<i>Example - facilities</i>	38
<i>Example - capital levy</i>	39
<i>Example - Internet charges</i>	40
<i>Curriculum related activities and instruction</i>	42
<i>Example - Remedial teaching</i>	47
<i>Example - Drug education</i>	48
<i>Supply of an education course – apportioning the fee</i>	51
<i>All inclusive fee</i>	51
<i>Separate fees</i>	52
<i>Example - separate supplies</i>	54
<i>Example - Supplies not delivered by the supplier of the education course</i>	57
<i>Students attending two schools</i>	59
<i>Single subjects</i>	60
<i>Deposits</i>	62
<i>Supply of administrative services</i>	64
<i>Example - Library fees</i>	66
<i>Supply of course materials</i>	70

<i>What are ‘course materials’?</i>	72
What is the meaning of ‘provided by you to students’	74
What is the meaning of ‘for the purposes of the course’	76
What is meant by ‘consumed’ or ‘transformed’?	77
<i>Example - Course Packs</i>	83
<i>Supply by way of sale or hire of goods</i>	88
<i>Example - Laptop computers</i>	92
<i>Supply by way of sale, lease or hire of goods other than course materials</i>	94
<i>Example - Recorder</i>	97
<i>Right to receive GST-free education</i>	99
<i>Example - Enrolment fee</i>	103
Supply of excursions or field trips	105
<i>Example - GST-free excursion or field trip and supply of food that is not GST-free</i>	112
<i>Example - supply of an excursion to sporting events directly related to the curriculum</i>	116
<i>Example - taxable supply by a third party of an excursion to a swimming carnival</i>	118
Supply of student accommodation	121
<i>Example - GST-free supply of student accommodation</i>	129
<i>Record-keeping - general requirements</i>	132
<i>Tax invoices</i>	134
Appendix 1	137
<i>Case study: apportionment between taxable and GST-free supplies</i>	137
Appendix 2	144
<b>Detailed contents list</b>	146

---

**Commissioner of Taxation**30 June 2000

---

*Previous draft:*Previously released in draft form as  
GSTR 2000/D12*Related Rulings/Determinations:*

TR 2006/10; GSTR 2013/1

*Subject references:*

- administrative services
- course materials
- deposits
- education
- education course
- education Minister
- excursions or field trips
- food
- GST-free supplies
- input taxed supplies
- pre-school course
- primary course
- secondary course
- student accommodation
- taxable supplies

- ANTS(GST)A99 38-85
- ANTS(GST)A99 38-85(a)
- ANTS(GST)A99 38-85(b)
- ANTS(GST)A99 38-90
- ANTS(GST)A99 38-90(2)(b)
- ANTS(GST)A99 38-97
- ANTS(GST)A99 38-95
- ANTS(GST)A99 38-100
- ANTS(GST)A99 38-100(a)
- ANTS(GST)A99 38-100(b)
- ANTS(GST)A99 38-105
- ANTS(GST)A99 38-105(1)
- ANTS(GST)A99 38-105(2)
- ANTS(GST)A99 38-105(3)
- ANTS(GST)A99 38-105(3)(a)
- ANTS(GST)A99 38-105(3)(b)
- ANTS(GST)A99 38-105(3)(c)
- ANTS(GST)A99 38-105(4)
- ANTS(GST)A99 38-250
- ANTS(GST)A99 Div 99
- ANTS(GST)A99 99-5(1)(a)
- ANTS(GST)A99 195-1
- Student Assistance Act 1973  
subs 5D(1); subs 3(1)
- FFRA 2009 21
- ITAA 1997 30-25
- TAA 1953 Sch 1 Div 358

*Legislative references:*

- ANTS(GST)A99 9-5
  - ANTS(GST)A99 9-10(2)(g)
  - ANTS(GST)A99 9-17(2)
  - ANTS(GST)A99 9-30(1)(b)
  - ANTS(GST)A99 29-70(1)
  - ANTS(GST)A99 29-70(2)
  - ANTS(GST)A99 Subdiv 38-A
  - ANTS(GST)A99 Subdiv 38-C
  - ANTS(GST)A99 Subdiv 38-D
  - ANTS(GST)A99 Subdiv 38-G
  - ANTS(GST)A99 9-80
  - ANTS(GST)A99 38-1
- 

ATO references:

NO 99/17934-1

BO

ISSN: 1443 – 5160

FOI No.: I 1021062