



Australian Government

The Treasury

ALLOWING BUSINESSES IN A NET REFUND POSITION TO CONTINUE PAYING GST BY INSTALMENTS

SUMMARY OF CONSULTATION PROCESS

In the 2011-12 Budget the Government announced that it will extend the current goods and services tax (GST) instalment system to allow access for small businesses that are in a net refund position. In releasing draft legislation on 5 November 2012, the Government announced that it had revised the measure to allow only those businesses already using the instalment system to continue to use the system if they move into a net refund position.

This measure was included in Tax and Superannuation Laws Amendment (2013 Measures No. 2) Bill 2013, which was introduced into Parliament on 20 March 2013.

Consultation process

Consultation on a discussion paper on the measure was conducted between 7 June 2011 and 6 July 2011. One submission was received. Consultation on the draft legislation was conducted between 5 November 2012 and 4 December 2012. One submission was received.

Summary of key issues

The submission on the discussion paper raised issues relating to the cash flow implications of the GST treatment of pharmaceuticals which were beyond the scope of this measure.

The submission received on the draft legislation primarily queried why the policy intent reflected in the draft legislation was shifted from the original policy as outlined in the discussion paper, dated 7 June 2011. The original measure aimed to extend access to the instalment system to small businesses in a net refund position. Concerns were identified during the development of the legislation that the measure may present a revenue risk and conflict with other initiatives designed to target non-compliance in particular sectors of the economy. Consequently, the scope of the measure was limited, applying only to those entities that are already participating in the GST instalment system and subsequently move into a net refund position.

No changes to the draft law or explanatory memorandum were made as a result of this submission.

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au. Alternatively, you can contact Laurene Edsor on (02) 6263 4351.

Thank you to all participants in the consultation process.