

## Monash University Procedure

<b>Procedure Title</b>	<b><u>GST and Tax Invoices - Accounts Payable (Australia) Procedures</u></b>
<b>Parent Policy</b>	<a href="#">Goods and Services Tax (Australia) Policy</a>
<b>Date Effective</b>	10-July-2015
<b>Review Date</b>	17-September-2011
<b>Procedure Owner</b>	Divisional Director, Corporate Finance
<b>Category</b>	Operational Procedure
<b>Version Number</b>	1.1
<b>Content Enquiries</b>	<a href="#">Finance Policy</a>
<b>Scope</b>	All Australian campuses All Australian staff members
<b>Purpose</b>	To ensure the University complies with Australian GST legislation and rulings
<b>PROCEDURE STATEMENT</b>	

In order for the University to claim a refund from the Australian Taxation Office for the 10% GST paid on purchases over \$82.50 (including GST), it must be in possession of a valid tax invoice.

### 1. Tax Invoice Requirements

- a) A valid tax invoice or Recipient Created Tax Invoice must be received for all purchases over \$82.50 (including GST) from Australian vendors where GST is charged. Every endeavour must be made to obtain a valid tax invoice or receipt from a supplier
- b) For acquisitions less than \$1,000 (GST exclusive) a tax invoice must include
  - the ABN of the supplier
  - the GST-inclusive price of the acquisition
  - the words 'tax invoice' or 'GST invoice' stated prominently
  - the date of issue of the tax invoice
  - the name of the supplier
  - a brief description of each thing supplied, and
  - when GST payable is exactly 1/11th of the total price, either a statement along the lines of 'the total price includes GST', or the actual GST amount
- c) Tax invoices for acquisitions of \$1,000 (GST exclusive) or more must include all of the above elements in addition to:
  - the name of Monash University (the recipient);
  - the address or the ABN of Monash University; and
  - the quantity of the goods or the extent of services supplied.

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- d) Invoices in electronic form can be tax invoices if they provide all the information required and are legible and accessible for audit purposes
- e) A proforma invoice is not a tax invoice and payment should not be made until a tax invoice is received.
- f) Where all the information is not contained on the actual invoice document, tax invoice requirements may be met if that information is contained in other documentation related to the purchase and combined as a whole, the requirements are met. This is only relevant for credit card expenditure or expense reimbursements where the payment has already been made and the supplier has refused to provide a tax invoice. All documentation must be attached in Concur. In all other instances the tax invoice should be requested before payment is made.

### Responsibility

Purchaser, Credit Card holder, Credit Card Processor, Purchasing Hub, Accounts Payable, Expense Management Team

## 2. When a Supplier does not give a Valid Tax Invoice

- a) In the event that the University does not receive a tax invoice a tax code of either P0 or P5 (for assets) must be used and the full amount including GST will be charged to the Cost Centre
- b) If a valid tax invoice is not given by the supplier, and the payment is yet to be made, the supplier should be contacted and a request made for them to provide one. The supplier may be contacted by telephone or by email/mail/fax and the following standard template letter may be used:
  - [No Tax Invoice Not Paid Letter Template](#)
- c) The supplier has 28 days in which to comply with the request or the supplier may have penalties imposed by the ATO.
- d) Where Monash has already paid for the acquisition, the following template letter can be used:
  - [Non Compliant Tax Invoice Already Paid Letter Template](#)

### Responsibility

Purchaser, Credit Card holder, Credit Card Processor, Purchasing Hub, Accounts Payable, Expense Management Team

- e) If a supplier does not provide a valid tax invoice within 28 days after being asked to, and payment of the invoice has already been made, permission to claim the GST credit may be granted by the ATO. A "Permission to Claim GST Credit" form must be completed and forwarded to the Corporate Finance Tax Team.

<http://intranet.monash.edu.au/finance/forms/index.html>

### Responsibility

Purchasing Hub, Credit Card Processor, Accounts Payable

- f) The ATO is contacted via email (at [GSTmail@ato.gov.au](mailto:GSTmail@ato.gov.au)) and provided with the following information:
  - name, contact details

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- documents relating to the purchase
  - the name, address and ABN (if known) of the supplier
  - the nature, purpose and quantity of the purchase
  - the amount paid or payable, and the amount of GST included, and
  - the steps that have been taken to obtain a tax invoice
- g) If permission is granted by the ATO, a journal will be done to claim the input tax credit which was originally denied, and the department will be notified.

### Responsibility

Corporate Finance Tax Team

## 3. Claiming Input Tax Credits

- a) In the event that the University does not receive a tax invoice for amounts greater than \$82.50 (including GST) an input tax credit must not be claimed, which increases University costs by almost 10%
- b) Tax invoices are not required for taxable importations. However, there must be relevant documentation issued by Customs (rather than the supplier) to support input tax credit claims.
- c) When raising purchase orders in SAP for purchases of goods or services where Australian GST has been charged and the University holds a tax invoice, a tax code of P1 should be used. Where there is no tax invoice, P0 is the tax code to be used.
- d) When raising purchase orders in SAP for the purchase of assets where Australian GST has been charged and the university holds a tax invoice, a tax code of P2 should be used when processing in SAP. Where there is no tax invoice or the supply is GST free, P5 is the tax code to be used.

### Responsibility

Purchasing to Payment

- e) When processing invoices as direct invoices into SAP where there is a tax invoice to support the GST charged, a tax code of P1 is used or P2 for an asset purchase. Where there is no tax invoice, not payment should be made until a tax invoice is received.

### Responsibility

Accounts Payable

## 4. Lost Tax Invoices – Claim Form or Expense Payment Reimbursements

- a) When all avenues of obtaining a copy of the tax invoice have been exhausted, a statutory declaration outlining the full details of the transaction must be provided for all expenses to be reimbursed with the exception outlined in the International Staffing and Staff Mobility Procedure - International Travel (Australian-based staff) for international overnight travel: <http://www.adm.monash.edu.au/workplace-policy/international/procedure-staff-international-travel.html>
- b) Where the transaction has been subject to GST, no claim for the GST amount can be made by the University where no tax invoice is available.

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- c) The statutory declaration is not a substitute for official tax invoices. It is evidence that the expenditure was incurred on behalf of the University only and it does not allow the University to claim a credit for the GST.
- d) The full amount including GST will be charged to the Cost Centre.

### Responsibility

Claimant, Expense Management Team, Accounts Payable

## 5. Lost Tax Invoices – Corporate Card

- a) The cardholder must exhaust all avenues of obtaining a copy of the original tax invoice or receipt from the supplier.
- b) If a copy cannot be obtained from the supplier, a [Monash Statement for Missing Tax Invoice](#) form must be completed by the card holder with the exception for overnight international travel expenditure as outlined in the [International Staffing and Staff Mobility Procedure - International Travel \(Australian-based staff\)](#) for international overnight travel.
- c) Where the transaction price has been subject to GST, no claim for the GST amount can be made by the University when it is not in possession of a tax invoice.
- d) This form is not a substitute for official tax invoices. It merely helps substantiate that the expenditure was incurred on behalf of the University only. It does not allow the University to claim a credit for the GST.

### Responsibility

Credit Card Holder

- e) When processing the corporate card expense, the option "No receipt or tax invoice" should be selected from the drop down menu for the receipt status. The full amount including GST will be charged to the cost centre and fund unless the amount is less than \$82.50 for an expense known to attract GST.

### Responsibility

Credit Card Processor

- f) Where a card holder repeatedly loses tax invoices and/or receipts action will be taken to suspend his or her corporate credit card.

### Responsibility

Purchase to Payment Services

## 6. Adjustment Credit Notes

- a) Adjustment notes must be raised when:
  - a supply or acquisition is cancelled
  - the consideration for a supply or acquisition is changed
  - a supply becomes taxable or stops being taxable; or
  - an acquisition becomes creditable or stops being creditable.
- b) Adjustment credit notes must contain the same information that is required in a tax invoice except the words 'tax invoice' are replaced with 'adjustment note'. In addition the following is required:
  - reference to the number of the original invoice which the adjustment credit note relates to

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- the difference between the price and the supply/supplies before the adjustment credit and the new price of the supply/supplies
  - the amount of the adjustment to the GST payable or a statement to the effect that the difference in the price of the taxable supply/supplies includes GST
  - a brief explanation of the reason for the adjustment, for example 'discount' or 'return of goods'
- c) Adjustment credit notes received by the University must be tax compliant. Where this is not the case the supplier should be contacted to provide the appropriate documentation.

### **Responsibility**

Purchaser or Accounts Payable Officer

## 7. Recipient Created Tax Invoices

- a) When an external party wishes to enter into an agreement with Monash University for recipient created tax invoices approval must be sought from the Divisional Director, **Corporate Finance**.

### **Responsibility**

Responsible Department Officer

- b) Monash University (the recipient) and the supplier must have a written agreement set up for these arrangements. The agreement must specify the supplies to which it relates and be current and effective when any recipient created tax invoices are issued.

### **Responsibility**

Corporate Finance Tax Team

- c) All RCTI agreements must be signed by the appropriate representative of the University.

### **Responsibility**

Divisional Director, Corporate Finance

- d) A central register of RCTI agreements which lists the parties and details of the RCTI agreements will be maintained and displayed on the Corporate Finance Division website.

### **Responsibility**

Corporate Finance Tax Team

- e) The recipient and supplier must satisfy the following requirements when issuing a recipient created tax invoice:
- the supplier and the recipient must be registered for GST
  - the recipient must issue a copy of the tax invoice to the supplier within 28 days and must retain the original
  - the recipient must issue an adjustment note to the supplier in relation to adjustment events
  - the supplier must not issue a tax invoice
- f) All recipient created tax invoices must show:
- the ABN of the supplier
  - the GST-inclusive prices of a taxable supply
  - the words "recipient created tax invoice" stated in a prominent place

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- the date of issue
- the name (or trading name) of the supplier
- the name of the recipient (buyer)
- the address of ABN of the recipient (buyer).
- brief description of each good or service supplied; and
- the quantity or volume of each good or service supplied.

### Responsibility

Corporate Finance Tax Team

- g) To effect creation of an RCTI and payment, a claim form must be completed and forwarded to Corporate Finance.

### Responsibility

Purchaser

- h) The RCTI is created at Corporate Finance and a copy of the RCTI is attached to the claim form
- i) The payment for the invoice should be actioned immediately (the next available payment run)
- j) The original RCTI (and cheque if applicable) must be sent to the supplier within 28 days of raising it. A copy of the RCTI will be forwarded to the department receiving the supply.

### Responsibility

**Corporate** Finance Tax Team

- k) If there are any variations to the RCTI, the University must also issue any adjustment notes that are required.

### Responsibility

**Corporate** Finance Tax Team

<b>Responsibility for implementation</b>	Vice-President (Finance) Divisional Director, Corporate Finance
<b>Status</b>	Revised
<b>Approval Body</b>	<b>Name:</b> Vice-President (Finance) <b>Date:</b> 10-July-2015 <b>Author:</b> Taxation Manager Corporate Finance Division
<b>Definitions</b>	<b>ABN:</b> Australian Business Number. The ABN is a public number that gives businesses in Australia a single identification number to use when dealing with a range of government departments and agencies. <b>Acquisition:</b> The purchase of goods or services <b>ATO:</b> Australian Taxation Office <b>GST:</b> Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999

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	<p><b>Input Tax Credit:</b> An entitlement arising under section 11-20 or 15-15 of A New Tax System (Goods and Services Tax) Act 1999. The amount of an input tax credit for a creditable acquisition is an amount equal to the GST payable on the supply of the acquisition</p> <p><b>Proforma Invoice:</b> An abridged or estimated invoice sent by a vendor in advance of shipment or delivery of goods. It might note the kind and quantity of goods, their value and other important information such as weight and transportation charges. A proforma invoice is commonly used as a preliminary invoice with a quotation, or for customs purposes in importation. It is not a normal invoice, nor a tax invoice, because there is no demand or request for payment.</p> <p><b>Recipient:</b> Entity who receives a supply of goods or services</p> <p><b>Recipient Created Tax Invoice (RCTI):</b> An invoice which is issued by the entity that receives the taxable supply (the recipient) rather than the actual supplier. This is permitted where both the recipient and the supplier are registered for GST and at the time the RCTI is issued, they have a current written agreement with each other which states which supplies are covered. The ATO must have determined that those supplies are of a kind that can have RCTIs issued.</p> <p><b>Supplier:</b> Entity who supplies goods or services</p>
<b>Legislation Mandating Compliance</b>	<a href="#">A New Tax System (Goods and Services Tax) Act 1999</a>
<b>Related Policies</b>	<a href="#">Global Taxation Policy</a>
<b>Related Documents</b>	