

■ GST and Grants

All investment allocations and grant announcements made by the Australian and NSW Governments are generally exclusive of GST. Funding from the CMA is exclusive of GST and all CMA reporting on expenditure and targets achieved against this expenditure will also be exclusive of GST.

It is the responsibility of the applicant to seek their own advice and determine which circumstances apply to them by referring to their accountant, financial planner or the Australian Tax Office.

Particular applicant circumstances are shown below to outline the process of obtaining funds from the CMA considering ABNs and GST registration.

1. Applicants without an ABN

Generally funding should not be offered to applicants without an ABN. Any funds paid would be subject to 'pay as you go' tax and the CMA would have to withhold 48.5%, which could be expected to make the project non-viable. However, if applicants wish to complete a 'Statement by a Supplier' form, the CMA can consider the application and not withhold any tax. This statement indicates that the applicant meets one or more of the exempt criteria stated by the ATO:

- the grant is made in the applicant's private capacity, or as their hobby (i.e. not running their property as a business)
- the payment is exempt income (e.g. the applicant is a non-profit body)
- The payment is to a non-resident who isn't carrying on a business in Australia or through an agent in Australia
- the applicant isn't an enterprise because they have no reasonable expectation of profit or gain.

2. Applicants with an ABN who are not GST registered

Applicants will submit a tax invoice showing the grant amount and will **not** show GST as a separate item. The CMA cannot claim back the GST in this case so if the invoice from the applicant includes GST on the component items, the GST will come out of the grant allocation, so reducing the funds available. The GST on component items (fencing materials, chemicals, labour etc) will have to be included in the grant amount so that the applicant is not out of pocket, or else the applicant will have to cover the GST costs as part of their in kind contribution and only submit an invoice for the grant amount exclusive of GST.

Any applicant who is not registered for GST may need to consider whether receiving the grant will push them over the threshold where GST registration is required.

3. Applicants with an ABN and GST registered

Applicants will submit a tax invoice showing the grant amount and will show GST as a separate line item. The applicant will be liable to pay GST on the grant to the Australian Tax Office (ATO). All amounts used in the grant calculation must be exclusive of GST, i.e. the cost of the project less any GST credits the applicant will be entitled to. The applicant is able to claim back any GST payable on expenditures associated with completion of the project (for fencing materials, chemicals etc). The CMA will also be able to claim GST credits for the amount of GST paid to the applicant. These 'input tax credits' will be claimed through the finance section from the ATO, so the grant allocation is not affected in this case. It is therefore imperative that GST is shown separately in the invoice so that the CMA Finance Department can use the appropriate fund components to produce the cheque.