



GST and aquatic tuition

This fact sheet describes a recent change to the definition of a first aid or lifesaving course in the GST Act.

Lifesaving courses were always intended to be GST-free but the original definition of a first aid or lifesaving course had the practical effect of excluding most available courses in Australia from its scope. The change in the law remedies this effect and makes the GST status of these courses more certain. The change is retrospective and has the effect of making these supplies GST-free from 1 July 2000.

WHAT IS GST-FREE?

A supply of a first aid or lifesaving course may be GST-free if it is a course, among other things, that is mainly tuition in personal aquatic survival skills. More information is contained in *GST and personal aquatic survival skills* (NAT 10336).

The change in the law allows a course that is mainly tuition in personal aquatic survival skills to be GST-free where you use an instructor that holds a suitable training qualification from Austswim Limited, Surf Lifesaving Australia Limited or the Royal Lifesaving Society Australia or another qualification specified in or of a kind specified in any regulations.

WHAT IF I HAVE INCLUDED GST IN THE PRICES OF SUPPLIES OF FIRST AID OR LIFESAVING COURSES THAT I HAVE MADE SINCE 1 JULY 2000?

You should first determine whether you have made any supplies of aquatic tuition of the kind that should have been GST-free since 1 July 2000. You then need to establish whether you included GST in the prices that you charged your customers for these courses.

If you have answered yes to both these questions, you may decide that you wish to identify the customers concerned and refund to them the amount of GST included in the price they paid for the tuition. If you do this, you will not have to bear the cost of the GST refund as the GST you collected and paid to us may be refunded to you.

Under GST law you are not legally required to provide a refund. Any reimbursement by you is a contractual matter between you and your customer. Because you are the person who paid the GST to us, we cannot directly reimburse your customer for

any GST that was overpaid by you. We can only refund the overpaid GST to you after you have reimbursed that amount to your customer.

IF I DECIDE TO REIMBURSE MY CUSTOMERS, IS THERE AN APPROVED PROCESS FOR REFUNDING THE GST TO MY CUSTOMERS?

We don't require you to provide a refund in any particular way. It is your business decision how you arrange to provide any refund to your customer, before seeking a refund from us. A refund could include providing a credit note to an existing customer or a cash refund to a past customer. However, a credit note will only be acceptable if it is reasonable to expect that you will be able to honour this in the foreseeable future.

We must be satisfied that your customers have received from you the same amount that you claim as a refund or credit. You will need to keep accurate and complete records for all refunds to demonstrate the total amount of refunds you have provided.

HAVING REIMBURSED MY CUSTOMERS, HOW DO I THEN CLAIM MY REFUND FROM YOU?

Normally you would do this by revising all of your previous activity statements that your supplies of aquatic tuition were included in. For more information on how to amend your activity statements and the correction and time limits that apply to this, refer to *Correcting GST mistakes* (NAT 4700).

However, we want to minimise the cost of compliance and administrative burden for suppliers of aquatic tuition affected by the law change and who now wish to reimburse their customers and claim back the overpaid GST.

If you want to take advantage of a simpler option, all of the corrections you need to make for your previous supplies of aquatic tuition can be submitted on your activity statement for the period(s) you make the refunds to your customers, regardless of whether the amount of GST involved exceeds the correction limits outlined in *Correcting GST mistakes* (NAT 4700).

We have written to suppliers of aquatic tuition concerning the effect of the change in the law. If you have not received a letter from us by 1 May 2004 phone **13 28 66**.

WHAT IF I COLLECTED GST ON SOME OF THESE SUPPLIES FROM 1 JULY 2000 BUT LATER STARTED TO TREAT THESE SUPPLIES AS GST-FREE?

You need to work out which supplies you incorrectly treated as taxable and follow the refund process explained in 'What if I have included GST in the prices of supplies of first aid or lifesaving courses that I have made since 1 July 2000?'

You do not need to do anything about the supplies of aquatic tuition that you treated in the past as being GST-free, provided those supplies meet the requirements of a first aid or lifesaving course in the GST Act.

WHAT IF I HAVE NOT INCLUDED GST IN THE PRICES OF SUPPLIES OF AQUATIC TUITION THAT I HAVE MADE SINCE 1 JULY 2000?

You will need to check the supplies of aquatic tuition you have made to see whether they were GST-free. If you then decide that the supplies you have made since 1 July 2000 are GST-free and you have not collected any GST from your customers for these supplies, you do not need to do anything.

WHAT IF I ABSORBED THE COST OF GST AND DID NOT INCREASE MY PRICES ON OR AROUND 1 JULY 2000?

To further reduce your costs and administration we may allow you to obtain a refund or credit where you absorbed the cost of the amount included as GST in your prices and where you did not pass this cost on to your customers.

You will need to have tangible proof that you have borne the GST cost. This proof could include:

- a combination of price lists or cashbooks demonstrating no price change
- a costing of your supplies, and/or
- copies of invoices issued or meeting minutes that show a decision to absorb the GST cost.

If you cannot provide enough tangible evidence, the refund or credit will not be allowed. If you think you are in this position, you should put your case in writing to us and include copies of the documents to prove your claim. You can send this information to PO Box 9935 in your capital city.

➤ MORE INFORMATION

If you need more information about this issue refer to:

- *GST and personal aquatic survival skills* (NAT 10336), and
- *Correcting GST mistakes* (NAT 4700)

You can obtain these by:

- visiting our website at www.ato.gov.au
- phoning **13 28 66**
- obtaining a fax by phoning **13 28 60**, or
- writing to us at PO Box 9935 in your capital city.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.