



Monthly Information Newsletter – Tax & Super

April 2023

Fending off GST audits

The Government has welcomed the actions of an ATO-led taskforce in relation to what is termed "the biggest GST fraud in Australia's history".

The ATO states that the fraud was first detected in early 2022 and involved offenders inventing fake businesses and ABN applications, then submitting fictitious Business Activity Statements in an attempt to gain a false GST refund. In response, the ATO's Serious Financial Crimes Taskforce set up "Operation Protego" in partnership with the Australian Federal Police. Warrants were executed in three States against 10 individuals suspected of promoting the fraud (which included the use of social media).

Some of the numbers involved are simply staggering in terms of the perpetrators' audacity:

- The ATO has taken compliance action on more than 53,000 "clients".
- It has stopped approximately \$2.5 billion in fraudulent GST refunds from being paid (as at 31 December 2022).
- Two individuals have been sentenced to jail following their arrest in 2022.
- There have been some 87 arrests across the country, "with many more to come".
- The ATO has commenced writing to more than 20,000 individuals involved in the fraud.

The purpose of our informing clients of this operation goes to GST audits conducted by the ATO and what they will be looking for should you or your business be selected. As a starting point, generally, the ATO will apply at least some level of scrutiny to Activity Statements where there is a refund of \$5,000 or more or where the refund is uncharacteristically large for the taxpayer involved.

The key to staving off a GST audit is the obtaining and retaining of tax invoices. As your tax agent, there is no requirement for us to view each and every tax invoice you hold before we make a claim for GST credits on your behalf on your Activity Statement. However, no claim can be made without you being in possession of a tax invoice.

Tax invoices for purchases of less than \$1,000 must include enough information to clearly determine the following seven details:

1. document is intended to be a tax invoice
2. seller's identity
3. seller's Australian business number (ABN)
4. date the invoice was issued
5. brief description of the items sold, including the quantity (if applicable) and the price
6. GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement which says 'Total price includes GST'
7. extent to which each sale on the invoice is a taxable sale.

1 Tax invoice

2 Windows to Fit Pty Ltd
ABN: 32 123 456 789 **3** 15 Burshag Road
Festler NSW 2755

4 Date: 1 August 2018

To: Building Company
254 Burshag Road
Festler NSW 2755

Description of supply	Total
Window frames 5	\$825
TOTAL PRICE INCLUDING GST	\$825 6 + 7

Tax invoices for sales of \$1,000 or more also need to show the buyer's identity or ABN.

The following example shows:

- GST included in each line item
- the sale is clearly identified as being fully taxable by the words 'Total price includes GST'
- the buyer's identity for sales of \$1,000 or more.

1 Tax invoice

2 Windows to Fit Pty Ltd
ABN: 32 123 456 789 **3** 15 Burshag Road
Festler NSW 2755

4 Date: 1 August 2013

To: Building Company **8**
254 Burshag Road
Festler NSW 2755

Qty	Description of supply	Unit price	GST	Total
5 50	Window frames	\$150	\$15	\$8,250
10	Deadlocks	\$40	\$4	\$440
			6	
TOTAL AMOUNT PAYABLE				\$8,690

The total price includes GST **7**

If you have any questions around tax invoices, or if you are having problems obtaining them, reach out to us.

DISCLAIMER

All information provided in this article is of a general nature only and is not personal financial or investment advice. Also, changes in legislation may occur frequently. We recommend that our formal advice be obtained before acting on the basis of this information.

Our liability may be limited by a scheme approved under Professional Standards Legislation.