

Financial Management – GST

Under the new model for processing development applications, DPTI will transact all planning and building fees within a single online system that applies across the state.

For fees charged by councils and approved private certifiers, DPTI will be responsible for collecting and then forwarding the fee revenue to councils and Referral Agencies.

The online system will produce a DPTI fee advice for the complete transaction (including fees for councils, Referral Agencies and DPTI) and a receipt after payment with DPTI's details including ABN.

This differs to the current arrangement where DPTI has a system for DPTI transactions and each council has their own system for their own transactions.

Fees can be charged by either DPTI, councils or approved private certifiers.

Does GST apply to fees?

- Some fees are subject to GST. Paragraph 81-10.01(1)(h) of the GST Regulations ensures that supplies made by government in competition with the private sector are subject to GST.
- This paragraph ensures that the regulatory activities of government made in competition with the private sector are subject to GST where the other requirements of section 9-5 of the GST Act are satisfied. This is consistent with the National Competition and Consumer Policy guidelines and ensures that a government entity is not given a competitive advantage over a private sector supplier providing the same type of supply.
- This covers situations in which government agencies have authorised private agencies to perform activities that form part of a regulatory process; for example, certification activities which require a regulatory process to be followed. Where government agencies—as well as government certifiers—have authorised Accredited Professionals to perform certification activities, these fees and charges will continue to be considered for a supply that is subject to GST. This ensures competitive neutrality between supplies made by government and non-government agencies.
- If the fees are considered prescribed fees under regulation 81-15.01 by virtue of section 81-15 of the GST Act, then GST may not apply to particular fees. In addition, a tie breaker provision must be reviewed under regulation 81-15.02.
- The final outcomes of a private ruling on GST treatment for each of the fees will be reflected in the pre-set list of fees within the Development Application Processing (DAP) System.

Who pays the GST?

- A taxable supply made by the council is taken to be made by the intermediary (DPTI). In addition, the principal (the council) is taken to have made a taxable supply to the intermediary (DPTI) of the same supply/service that the intermediary (DPTI) is taken to supply.
- The value of payment on to Councils is determined by reference to the amount the intermediary (DPTI) is actually required to pay the principal (councils). This amount is the price charged and paid by the end customer for the supply. At the same time, the intermediary (DPTI) is deemed to have made “a corresponding creditable acquisition from the principal” (councils). Therefore, the intermediary (DPTI) should be entitled to an input tax credit equal to 1/11th of the total value of the deemed supply made by the principal (councils) to the intermediary (DPTI).
- There are two options to ensure compliance with the GST Act:
 - DPTI (as an intermediary) can seek to enter into an arrangement with Councils under which it is treated as a separate supplier, i.e. it will be treated as a principal in its own right.
 - Alternatively, the following statement can be attached on every Recipient Created Tax Invoices (RCTI) that are issued to councils.

- DPTI elects to include the following statement on all RCTI's:

“The recipient (DPTI) and the supplier (Council) declare that this agreement applies to supplies to which this tax invoice relates. The recipient can issue tax invoices in respect of these supplies. The supplier will not issue tax invoices in respect of these supplies. The supplier acknowledges that it is registered for GST and that it will notify the recipient if it ceases to be registered. The recipient acknowledges that it is registered for GST and that it will notify the supplier if it ceases to be registered for GST. Acceptance of this RCTI constitutes acceptance of the terms of this written agreement. Both parties to this supply agree that they are parties to an RCTI agreement. The supplier agrees to notify the recipient if the supplier does not wish to accept the proposed agreement within 21 days of receiving this document.”

- The effect of this treatment is that the supplier (Councils) and the recipient (DPTI) treat the taxable supply of services (e.g. a building consent) that the council makes to third parties through the recipient (DPTI) as two separate supplies and that they are treated as acting between themselves as principal to principal for GST purposes.
- The RCTI will allow DPTI to initially pay GST on ALL fees incurring GST, and then claim the GST it has paid on to Councils. DPTI will **issue a Recipient Created Tax Invoice (RCTI) to support DPTI's claim of input tax credits** relating to councils supplies. A Draft copy of the **RCTI template is included in Appendix 1**. For each day, the fees transacted in the system will be listed on the RCTI in order of fee advice. Only those fees collected on the behalf of council that incur GST will be included.

- In substance, this mimics the GST treatment of a supply by a supplier (councils) to a recipient (DPTI) and then a supply by the intermediary (DPTI) to the end customer. **This is illustrated in Appendix 2.**

Recipient Created Tax Invoices (RCTI)

As per the example shown in Appendix 1, Relevant Authority's (Councils) will be provided with an RCTI for the required period that will be accessible directly by Council, for the required month, from a reporting module of the DAP in PDF format.

Appendix 1 – RCTI Template (for illustration purposes only)



Recipient created tax invoice

Report Date: 5/06/2020
Date Range: 1/01/2019 to 5/06/2020

From - Recipient:	Name	Department of Planning, Transport and Infrastructure		
	Address	GPO Box 1815		
	Suburb/Town	State/Territory	Postcode	
	Adelaide	SA	5000	
	Australian business number (ABN)	92 366 288 135		
To-Supplier:	Name	City of Adelaide		
	Address	GPO Box 2252		
	Suburb/Town	State/Territory	Postcode	
	Adelaide	SA	5001	
	Australian business number (ABN)	00000000000		

SUPPLIES MADE BY SUPPLIER TO RECIPIENT

Description of taxable supplies

Invoice ID	Description	Fee	GST	Price
9831	Lodgement Fee	90.00	9.00	99.00
10303	Lodgement Fee*	-90.00	-9.00	-99.00
10303	Lodgement Fee	90.00	9.00	99.00
10645	Audit of Accredited Professionals - Planning	300.00	30.00	330.00
10645	Planning Assessment Fee	40.00	4.00	44.00
10645	Applications subject to notification	110.00	11.00	121.00
10645	Applications subject to referral	400.00	40.00	440.00
10645	Deemed to Satisfy	100.00	10.00	110.00
10645	Public Notification Fee	120.00	12.00	132.00
10645	Public Notification Sign Erection Fee	500.00	50.00	550.00
10645	Assessment Fee	90.00	9.00	99.00
10645	EPA	227.00	22.70	249.70
10649	Assessment Fee	90.00	9.00	99.00
10651	Assessment Fee	90.00	9.00	99.00
10653	Assessment Fee	90.00	9.00	99.00
10659	Public Notification Fee	120.00	12.00	132.00
10660	Assessment Fee	90.00	9.00	99.00
10666	Lodgement Fee	90.00	9.00	99.00
10667	Deemed to Satisfy	100.00	0.00	110.00
10668	Deemed to Satisfy	100.00	0.00	110.00

Appendix 2 – Collection and GST Flows

