

Check List Before Paying an Invoice

In the May 2007 budget the Treasurer announced that the tax invoice threshold would increase from \$50 to \$75. If you are claiming an input credit in your BAS you must have a tax invoice unless the total amount of the invoice is under the threshold. This threshold changes on 1st July, 2007 to \$75.00 exclusive of GST or \$82.50 if the invoice includes GST. What is required to meet the requirements of a tax invoice varies depending on the value of the invoice. The following is a checklist that all businesses should review before paying an invoice.

Is the Invoice for more than \$82.50 GST inclusive or \$75 excluding GST?	No →	Pay without question. No need to withhold tax and can claim input credit. ↓ No need to go any further
Yes ↓		
Has the Supplier Provided an Invoice?	No →	Withhold 46.5% of the total Invoice price to remit to ATO Ask Supplier for TFN ↓ Move on to the fourth question
Yes ↓		
Does the Invoice have an ABN?	No →	Withhold 46.5% of the total Invoice price to remit to ATO Ask Supplier for TFN ↓ Move onto the fourth question
Yes ↓		
Does the Invoice include the words "Tax Invoice or GST Invoice," the date, name of the supplier, the GST and GST inclusive price and a brief description of the goods supplied?	No →	No input credit can be claimed so this supply should be at least 1/11 th cheaper than a correctly invoiced supply. ↓ No need to go any further
Yes ↓		
Is the Invoice for more than \$1,000?	No →	Bingo! Pay full amount of invoice & claim input credit. ↓ No need to go any further
Yes ↓		
Does the Invoice include in addition to the above – the quantity of the goods or the extent of the services supplied, your name and address or name and ABN?	No →	No input credit can be claimed so this supply should be at least 1/11 th cheaper than a correctly invoiced supply. ↓ No need to go any further
Yes ↓		
Bingo! Pay full amount of invoice and Claim input tax credit.		

It must be clear that the document is intended to be a "tax or GST invoice" and show how much GST has been charged. It needs to contain the date, supplier's name and ABN. Details are needed of what is supplied, the quantity and price.