

New Simplified Accounting Method for Food Retailers

If you're a retailer selling both taxable and GST-free food from the same premises, and your point of sale (POS) equipment can record a certain level of GST information, you may be able to use the Tax Office's new simplified accounting method (SAM). The new SAM will be available from 1 October, subject to the passage of legislation.

You can use the new method, called the sales percentage method, if your business:

- Is registered for GST
- Undertakes little or no conversion of food (conversion of food must represent less than 5 per cent of annual sales)
- Sells both taxable and GST-free food at the same premises
- Has an annual turnover of \$2 million or less
- Has adequate point of sale equipment
- Is not a petrol station

If your POS equipment can identify and record each separate supply as being GST-free or taxable, and can also identify and record separately the amount of GST and total sales, it's considered adequate. A cash register that has a GST-free or taxable key is not considered adequate, because it relies on the operator to determine the GST status of each item.

The new SAM for retailers with adequate POS systems would ease the pressure of GST compliance for smaller food retailers previously unable to use a simplified method and is an opportunity to save money and time in meeting their GST compliance obligations.

The accounting method calculates the input tax credits from data recorded by POS equipment that identifies taxable sales made in a tax period. Because it gathers information from POS equipment, the new SAM relies on current sales data, where the existing SAMs use historical data.

If you want to use the new SAM, you must notify the Tax Office and you must use the method for a minimum of 12 months.

To get a copy visit the Tax Office website at www.ato.gov.au or call 1300 720 092.



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