



**Australian Government**  
**Australian Taxation Office**

## Roadmap of the GST at Settlement enhancements

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### 1. Purpose

The purpose of this roadmap is to provide industry with a list of the enhancements to the current administration of the GST at settlement measure that we have or are intending to deploy.

Most of the enhancements were identified as a result of a review which we undertook, in consultation with industry, in September 2018. The review considered the content of the forms, the time at which the forms are required to be lodged, the communications provided by the ATO in response to the lodgement of the forms and the payment of withholding amounts.

We would like to thank industry for their input into the review.

### 2. Current GST at settlement process

The current GST at settlement process is outlined at attachment A.

### 3. Enhancements to be deployed in the 3<sup>rd</sup> quarter of 2019

The following enhancements are planned to be deployed from October 2019 onwards. We will provide industry with an update on the scheduling of particular enhancements as more information becomes available.

#### Form 1 – GST property settlement withholding notification

- Update the withholding amount field so it can't be zero – we have seen instances where form 1 has been lodged with a withholding amount of zero. If withholding is not required, then the form doesn't need to be lodged.
- Enable the ability to add up to 10 properties into form 1 – industry has advised that there are contracts that cover the sale of multiple properties.
- Add in the suppliers GST branching number (if known) – this will assist with a more efficient allocation of GST credits to suppliers when there is GST branching.
- Add in the supplier's contact name/entity – this will make it clear who the representative/contact is for the supplier if the ATO needs to make contact.
- Use predictive software for property addresses (property details) that can be overridden as required.

- Property details section – for land transactions in the ACT, make volume and folio details optional to allow for situations where the volume and folio are not known until after settlement.

#### Email 1 - Your GST property settlement withholding notification

- Add the supplier's ABN – this will help to confirm that the correct supplier details were entered into form 1.
- Add in suburb/town/locality into the address details – this will help to confirm that the correct address details have been entered into form 1.
- Display all the properties listed in form 1.

#### Form 2 – GST property settlement date confirmation

- Add a rule into the settlement date field that stops the form being lodged more than one business day before settlement. The purpose of form 2 is to confirm the settlement date. But we have seen a lot of instances where the form has been lodged early and then settlement has been delayed or not occurred which has then caused processing problems.
- Remove the withholding amount from form 2 – to help streamline the form and avoid unnecessary processing errors.

#### Email 2 – Withholding payment received

- Add the suppliers ABN – this will provide consistency across the 3 emails
- Add in the Payment reference number (PRN) – this will assist in confirming that the payment has been made under the correct PRN for that property transaction.
- Add in suburb/town/locality into the address details – this will provide consistency across the 3 emails.
- Display all the properties listed in form 1.

#### Email 3 – GST payment credited

- Add the suppliers ABN – this will provide consistency across the 3 emails
- Add in the payment reference number (PRN) – this will assist the supplier in cross referencing the payment with their 'GST property credits' account.
- Add in suburb/town/locality into the address details – this will provide consistency across the 3 emails
- Add wording to advise that the supplier needs to report this property sale at G1 and 1A on their Business Activity Statement (BAS).

### **4. Enhancements already deployed**

The following enhancements have already been deployed since October 2018:

#### Form 1 – GST property settlement withholding notification

- December 2018 release – the pre populated payment slip (with a barcode) is now a separate link on the confirmation screen to the print summary on form 1, this closer aligns with the payment slip that is attached to email 1 – see below.

#### Email 1 - Your GST property settlement withholding notification

- October 2018 release – payment advise included a pre populated payment slip (with a barcode) attached as a pdf to the email, this enables payment at Australia Post.

#### GST property credits account

- October 2018 release – the 'GST property credits' account is now viewable via ATO online services for individuals and sole traders and the Business Portal . The account will provide the effective date, address line 1 + suburb/town/locality, PRN and amount.
- Note – ATO online services for agents is now scheduled to be publically available in Quarter 1 2019. At that point the 'GST property credits' account will be viewable via this service.

#### **5. Enhancements we are unable to incorporate**

We are unable to deploy the following enhancement:

##### Form 1 – GST property settlement withholding notification

- Addition of an email address for the supplier – this was previously assessed during the development of form 1, and we have revisited the issue, but have concluded that we are unable to add the supplier email address to form 1 due to privacy issues and IT security requirements .

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**Attachment A: The current GST at settlement process**

Under this measure:

- Certain purchasers of new residential premises or potential residential land are required to withhold, usually at settlement, an amount approximating the GST included in the contract price and to pay it to the ATO, and
- The paid amount is applied as a credit against the supplier's liability to pay GST in respect of the supply.

The conveyancing process:

1. Contract signed between supplier/s and purchaser/s. Supplier notifies purchaser whether they have a withholding obligation and, if so, provides certain particulars. The notification can be included in the sales contract or in a separate document provided before settlement. The Law Societies have revised their standard land contracts (excluding NT) to include the notification into the standard contract.
2. Purchaser lodges form 1: *GST property settlement withholding notification* online to the ATO. The purchaser will include the information from the supplier's notice, their details and the expected settlement date. The purchaser will receive online confirmation that includes a payment reference number (PRN) and lodgement reference number (LRN). There is also the ability to print a copy of the form and print out pre populated payment slip (with a barcode).
3. In addition to the online confirmation, if the purchaser has elected to receive emails then an email confirmation from the ATO will be sent confirming that form 1 has been successfully submitted and includes a summary of the key particulars. This is *Email 1*.
4. At settlement the purchaser lodges form 2: *GST property settlement date confirmation* online to the ATO. The purchaser will include the settlement date and total withholding amount. The purchaser will receive an online confirmation that the form has been successfully submitted. This fixes the purchaser's withholding obligation in the ATO's system as at the settlement date. The purchaser (or their representative) also pays the withholding amount to the ATO using the PRN.
5. If the purchaser has elected to receive emails then the purchaser will receive an email confirmation that payment has been received. The confirmation is sent to the email address supplied in form 2. This is *Email 2*.
6. Credit for the withholding amount moves to the supplier's 'GST property credits' withholding account. The supplier (or agent) receives email confirmation from the ATO that the credit has been received. This is *Email 3*. The supplier's email address is sourced from the supplier's activity statement account and will include identifiers for the property transaction. The supplier's 'GST property credits' account, including detailed transaction identifiers, will be viewable online by the end of September 2018 via ATO Online Services for agents and via the Business Portal. This account will not be accessible via the tax agent portal.
7. Supplier lodges business activity statement (BAS) as normal, declaring the property sale at G1 and 1A. A credit then moves from the supplier's 'GST property credits' account to its activity statement account.