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GST when conducting gambling activities

How to work out if you are conducting gambling activities, how GST applies and how to report gambling supplies on your activity statement.

Last updated 15 September 2026

If you conduct gambling activities, GST is payable on the margin between money received and money paid out for a gambling event

For more information, see:

- GST definitions for definitions of gambling, gambling events and gambling supplies
- Tax and fundraising
- GSTR 2002/3 *Goods and services tax: prizes*

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Calculating your margin

Work out your margin for a tax period.

Last updated 29 November 2017

Gambling sales are taxable, but you only apply GST to the margin between money received and prizes paid out.

To work out your margin for a tax period:

- work out the total amount you received in gambling event wagers for the period
- subtract the total monetary prizes you paid for the period.

If the total amount you received in wagers is more than the total amount of monetary prizes paid out, you must pay GST.

Example: Calculating your margin

Ronnie, a bookmaker, receives $86,000 in bets at the races and pays out $20,000 in cash prizes in one tax period. The margin on

Ronnie's sales for GST purposes is $66,000 ($86,000 – $20,000).

Ronnie must pay $6,000 GST ($66,000 × (1 ÷ 11)) on gambling sales for this tax period.

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Prizes

Types of prizes and whether they need to be included when you work out your margin.

Last updated 29 November 2017

Non-monetary prizes

You do not include the value of non-monetary prizes, such as a car, when you work out your margin. You can only deduct monetary prizes from the total amount wagered.

Example: Non-monetary prizes

Helpfund, a GST registered business, raffles a car and collects $44,000 from ticket sales. As the car is not a monetary prize, the margin for the sale is $44,000. Helpfund will need to pay $4,000 GST ($44,000 × (1 ÷ 11)).

Donated prizes

If you receive a monetary donation that you use as a prize in a raffle or competition, you include the value of the donation in your margin.

If you receive a non-monetary donation that you use as a prize in a raffle or competition, you do not include the value of the donation in your margin.

Unclaimed monetary prizes and bet refunds

The margin is not changed if monetary prizes are unclaimed or bets are refunded and become the venue's property under the rules or legislation that govern the gambling activity.

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Betting

Find out what types of bets to include in your GST calculations.

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Bet-backs or lay-offs

Bets you place to spread the risk of a loss on an event are called bet-backs or lay-offs. Bet-backs are treated in the same way as other gambling sales.

If you receive a bet-back, you must include it in your margin, as for any other bet.

If you make the bet-back, you:

- do not include it in your calculation of GST on the total wagered amount you receive
- do not need to account for GST on your net winnings
- cannot claim a GST credit on the bet.

Overseas bets

Gambling sales you make to gamblers who are outside Australia are GST-free exports. This means that you do not include the wagers you receive from gamblers outside Australia, or the monetary prizes paid, when you work out the GST on your margin.

You must keep records to establish that the gambling sale is GST-free. As a minimum, you must record an overseas residential address and contact details for each gambling sale you make to someone outside Australia.

Gaming machine jackpots across venues

Gaming machines may be linked across venues to provide opportunities to play for larger jackpots. Participating venues contribute to a 'jackpot fund' administered by an operator. If a larger jackpot is won on a linked machine, the payment to the winner is made by the operator out of the fund rather than by the entity.

You include the 'jackpot fund' contribution paid to the operator as a monetary prize when calculating the margin on gambling supplies, but do not include any prize money payments made by the operator.

You can claim a GST credit for the GST charged on the operator's administration fee provided you hold a valid tax invoice. The operator should not charge GST on the 'jackpot fund' contribution.

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Activities associated with gambling venues

Find out what activities you need to include in your GST calculations.

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Lucky member draws

Monetary payments given as prizes in lucky member draws are treated in the same way as other monetary prizes, and are included when calculating the margin on gambling supplies.

If goods or services are provided as a prize you cannot include the value of the goods or services when calculating the margin. However,

you can claim a GST credit for the GST charged by the supplier provided you hold a valid tax invoice.

Loyalty awards

Monetary payments given as loyalty awards are treated in the same way as other monetary prizes, and are included when calculating the margin on gambling supplies.

If goods or services are provided as loyalty awards you cannot include the value of the goods or services when calculating the margin. However, you can claim a GST credit for the GST charged by the supplier provided you hold a valid tax invoice.

No GST is payable if loyalty rewards, such as points, are exchanged or redeemed for food or beverage items.

Gift vouchers issued as prizes

The GST implications of awarding a gift voucher as a prize depend on the type of voucher.

You can claim a GST credit when GST is payable on the purchase of the voucher provided you hold a valid tax invoice.

You cannot claim a GST credit for a gift voucher with a stated monetary value if no GST was payable on the purchase of the voucher.

The voucher is not a monetary prize and is not included in calculating the margin on gambling supplies.

See also

- GSTR 2003/5 *Goods and Services Tax: Vouchers.*

Free meals and beverages

When ‘free’ meals and beverages are provided, such as ‘buy one meal, get another meal of equal or lesser value free’, the GST payable is calculated on the actual money paid for the meals or beverages.

If an external caterer operates at your premises the GST rules will vary depending on your arrangement with them. In most cases, if the external caterer provides you with a tax invoice you will be able to claim any GST charged as a GST credit.

The following examples apply where you operate your own catering facilities.

Example 1: Free tea and coffee

Free tea, coffee and biscuits are provided to patrons. No GST is payable on the provision of these complimentary goods.

Example 2: Meal special

Two roast dinners are sold for the price of one and the normal price is $16.50 per dinner. The patron pays $16.50 and receives two dinners. GST payable on the sale of the two dinners is $1.50 (that is, $16.50 × (1 ÷ 11)).

Example 3: Membership discount

A patron purchases a single roast dinner and presents a membership card which entitles them to a 10% discount. After applying the discount the patron is charged $14.85. GST payable on the sale of the dinner is $1.35 (that is, $14.85 × (1 ÷ 11)).

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Accounting for gambling sales

Accounting information including GST credits, bad debts, losses and your activity statement.

Last updated 29 November 2017

Tax invoices

You do not need to issue tax invoices for sales that are solely gambling sales.

Claiming GST credits

If you conduct gambling events, and you are registered for GST, you can claim GST credits on the GST included in the price of any non-monetary prizes you purchase.

You are not entitled to GST credits for:

- non-monetary prizes you provide that were donated to you
- monetary prizes you provide.

You cannot claim GST credits for any gambling purchases you make, for example, if an individual purchases tickets to enter a raffle.

Losses

If you bear a financial loss because the total amount of monetary prizes paid out during a tax period was greater than the total monetary amount of wagers you received, you can offset this loss against your profit in the next tax period.

Bad debts

If you write off any wagered amounts you were due to receive in a tax period as bad debts, you can add these amounts to the total monetary prizes you paid for that tax period.

If you later recover any part of a bad debt, you must add it to the total wagered amount you received during the tax period in which you recovered it.

Completing your activity statement

You may use either the calculation worksheet method or the accounts method to complete the relevant boxes on your activity statement for the reporting period.

The amounts you report on your activity statement will depend on the accounting basis you use. You can account on a cash basis or a non-cash basis.

Find out about

- Cash prizes
- Non-cash prizes
- Cash and non-cash prizes

See also

- Choosing an accounting method.

Cash prizes

If you pay only cash prizes, report your margin from gambling supplies for the reporting period at **G1** (total sales).

If you calculate an amount that is less than zero, do not include anything at **G1** for your gambling supplies. You take the excess amount away from the gross proceeds of your gambling supplies on your next activity statement.

If you use the accounts method, report the amount of GST calculated on the margin from your gambling supplies at **1A** (GST on sales). If using the calculation worksheet method, use the calculation worksheet to work out the amount to include at **1A**.

Example: Cash prizes

A publican operating gaming machines is registered for GST and reports on a monthly activity statement. In October the publican had gross proceeds of $100,000 but paid out $80,000 in cash prizes.

He includes the net proceeds of $20,000 at **G1** (total sales) on his October activity statement for gambling supplies.

Using the accounts method the publican would include the GST payable amount of $1,818 at **1A** (GST on sales) on his activity statement. The amount of $1,818 is one-eleventh of the net profit on his gambling supplies of $20,000.

If he had used the calculation worksheet method, he would use the worksheet to work out how much to include at **1A**.

Non-cash prizes

If you only provide non-cash prizes for your gambling supplies:

- do not deduct the value of these prizes from the gross proceeds of your gambling sales
- include the gross proceeds from your gambling supplies at **G1** (total sales).

If you use the accounts method, you should report:

- the amount of GST on the gross proceeds from your gambling supplies at **1A** (GST on sales)
- the amounts you paid to purchase the prizes at **G10** (capital purchases) or **G11** (non-capital purchases) in the relevant reporting period
- the amount of GST credit you are entitled to claim for the purchase of non-cash prizes at **1B** (GST on purchases).

If you are using the calculation worksheet method, use the worksheet to calculate the amount to include at **1B**.

Example: Non-cash prizes

If the publican had given non-cash prizes instead of paying cash prizes, he would account for the GST on his gambling supplies differently on his activity statement.

If he paid $80,000 for non-cash prizes for October, he would include his gross gambling sales of $100,000 at **G1** (total sales) on his October activity statement.

He would then include the $80,000 he paid for non-cash prizes at **G10** (capital purchases) or **G11** (non-capital purchases), depending on whether the prizes were capital or non-capital items.

Using the accounts method, the publican would include $9,090 at **1A** (GST on sales), which is the GST he is liable to pay on his $100,000 gambling sales.

The publican would claim GST credits of $7,272 at **1B** (GST credits on purchases), which is the amount of GST he paid in purchasing the non-cash prizes.

If he had used the calculation sheet method, he would use the worksheet to work out how much to include at **1A** and **1B**.

Cash and non-cash prizes

If you provide cash and non-cash prizes, report your margin at **G1**. When working out the margin, do not deduct the value of the non-cash prizes you provide from the gross gambling proceeds.

If using the accounts method, report at **1A** (GST on sales) either:

- the GST on your gambling supplies excluding the non-cash prize
- zero if your margin on gambling supplies is less than zero.

If you are using the calculation worksheet method, use the worksheet to work out the amount to include at **1A** (GST on sales).

Include the purchase of non-cash prizes on your activity statement in the same way as described under 'Non-cash prizes'.

Claiming a refund of overpaid GST

You can apply for a refund if you have overpaid GST in past tax periods. This may occur when you have, for example:

- not taken into account contributions to linked jackpot operators
- not taken into account monetary prizes paid in lucky member draws
- incorrectly accounted for GST on the provision or sale of meals and beverages.

Time limits apply for the period that you are entitled to a refund.

See also

- Correcting GST errors

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