



GST instalments

Based on your eligibility you can elect to pay GST by instalments, check the process for this reporting method.

Last updated 5 July 2017

If you elect to pay GST by instalments, you pay a quarterly amount that we work out and you report your actual GST information on an annual GST return.

You may elect this reporting method if you meet the eligibility requirements, including where you:

- carry on a business with an aggregated turnover of less than \$10 million, or
- do not carry on a business (eg not-for-profit organisation) and your GST turnover is \$2 million or less.

You must also:

- not report or be required to report GST monthly
- have a current, continuous BAS lodgment record of at least four months immediately preceding the current tax period
- have complied with all your obligations to lodge previous GST returns (BAS and annual returns)
- not be in a net refund position (you are in a net refund position if your total GST credits are more than the total GST you're liable to pay for a certain number of tax periods).

If you wish to pay GST by instalments, you need to phone us on **13 28 66**. We will confirm your eligibility.

Once you elect to pay GST by instalments, you will pay GST by instalments for the remainder of the financial year.

We work out your instalment amount based on the net GST amounts you most recently reported, generally for the past income year, depending on how long you've been registered for GST.

If you think that using this amount will mean you pay more (or less) than the GST liability you expect for the year, you can vary it.

The GST instalment amount is only for GST. If you have other tax obligations on your activity statement, such as pay as you go (PAYG) withholding or PAYG instalments, you must still report and pay these.

See also:

- [Small business entity concessions eligibility](#)

Choosing GST instalments and changing your choice



If you are eligible, we will change your reporting method to instalments.

Lodging your annual GST return



You must lodge your annual GST return and make any balancing payment by the date your tax return is due.

Varying your instalment amount



You can vary your GST instalment amount for any quarter if you think your total instalments will be more (or less) than your GST liability for the year.

Primary producers and special professionals



Primary producers and special professionals who meet certain criteria only pay GST instalments in the last two quarters.

Choosing GST instalments and changing your choice

If you are eligible, we will change your reporting method to instalments.

Last updated 5 July 2017

To elect to pay by GST instalments you must contact us by phone on **13 28 66**.

If you contact us by 28 October, your choice will take effect from 1 July of that financial year – that is, from the beginning of the September quarter. You then pay by instalments for the entire financial year.

From 1 July 2017, your GST instalment election is generally automatically rolled over at the end of the financial year, based on your turnover.

If you want to change to another reporting method, you may have to wait until the next financial year.

If you contact us by 28 October, your election or revocation of GST instalments will generally take effect from 1 July of that financial year (or by the concessional due date, if you lodge your September quarter activity statement through a registered agent).

If you contact us after 28 October, your election or revocation of GST instalments will generally take effect from 1 July of the next financial year.

You may request in writing that your election or revocation take effect from the start of an earlier tax period. However, we will only approve your request if there are exceptional circumstances.

If you first become eligible for instalments after 28 October and you have been lodging BAS for six months or less, you can make your election after 28 October. But it must be made by the date on which you have to lodge your next BAS after you first became eligible.

To continue to be eligible for GST instalments, make sure you keep your lodgments up-to-date.

You shouldn't choose the GST instalments reporting method if you think you'll be in a net refund position – that is, if your total GST credits for the year will be more than the total GST you're liable to pay. With the instalments reporting method we only pay refunds after you lodge your annual GST return, not each quarter.

Next step:

- [Lodging your annual GST return](#)

See also:

- [Varying your instalment amount](#)
- [Primary producers and special professionals](#)

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Lodging your annual GST return

You must lodge your annual GST return and make any balancing payment by the date your tax return is due.

Last updated 5 July 2017

You use an annual GST return to account for any difference between your:

- GST liability, plus any wine equalisation tax (WET) or luxury car tax (LCT) you may have to pay or can claim
- total GST instalments for the financial year (or the part of the financial year for which your instalment election has effect).

If your total instalments are:

- more than your GST liability, plus any WET or LCT for the year (or part year as applicable), you can claim a refund from us
- less than your GST liability, plus any WET or LCT, you must pay the difference to us by the time your annual GST return is due.

If you're not required to lodge a tax return, you must lodge your annual GST return and make any balancing payment by 28 February after the end of the financial year covered by the annual GST return.

In your annual GST return you must report:

- G1 Total sales
- 1A GST on sales
- 1B GST on purchases
- 1H GST instalment amounts reported in your BAS for the period shown on the annual GST return.

If you are paying or claiming WET or LCT, you also report these amounts for the year at labels **1C**, **1D**, **1E** and **1F**. Fuel tax credits are reported each quarter.

See also:

- Annual GST return

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Varying your instalment amount

You can vary your GST instalment amount for any quarter if you think your total instalments will be more (or less) than your GST liability for the year.

Last updated 5 July 2017

You can vary your GST instalment amount for any quarter if you think your total instalments will be more (or less) than your GST liability for the year, including any wine equalisation tax or luxury car tax liability you may have. You can't vary your instalment amount to less than \$0.

You don't have to vary the advised amount, even if you think your actual GST liability for the year will be different to the total of the advised amounts. Any difference is refunded (or you make a balancing payment) when you lodge your annual GST return.

How to vary your instalment amount

To vary your GST instalment amount for a quarter:

- work out your estimated annual GST liability – if you have a wine equalisation tax or luxury car tax liability, include these – and enter this amount on your activity statement
- [work out your varied instalment amount for the quarter](#) and enter this amount on your activity statement
- enter a [reason code](#) on your activity statement – this tells us why you've varied your instalment.

When you vary your instalment amount, the amount we print on your [next activity statement](#) will be based on your varied amount.

Table 1: Varied instalment amount for the quarter

Quarter ending	Varied instalment amount
30 September	Estimated annual GST liability × 25%
31 December	Estimated annual GST liability × 50%, less GST instalments already paid or payable for the year
31 March	Estimated annual GST liability × 75%, less GST instalments already paid or payable for the year
30 June	Estimated annual GST liability × 100%, less GST instalments already paid or payable for the year

'Estimated annual GST liability' and 'GST instalments already paid' include any wine equalisation tax or luxury car tax liabilities.

Table 2: Variation reason codes (GST instalment variations)

Code	Reason	Reason description
22	Current business structure not	Your current business has stopped trading or has changed

	continuing	its structure. For example, you have permanently closed or sold your business, it has stopped trading because of a merger or takeover, or it has gone into bankruptcy or liquidation or been placed in the hands of a receiver/manager.
23	Significant change in trading conditions	Abnormal transactions relating to your business income or expenses will significantly affect your annual tax liability. For example, you have bought or sold a major piece of machinery or your trading conditions have been affected by local or global competition.
24	Internal business restructure	You have restructured your business. For example, it has undergone an expansion or contraction, and this will significantly affect your annual tax liability.
25	Change in legislation or product mix	A change in legislation, or in the product mix of your business, will significantly change your annual tax liability.
26	Financial market changes	Your business has been affected by domestic or foreign financial market changes. This reason code is for businesses involved in financial market trading, including those whose income is affected by changes in financial products, for example, banks, finance and insurance businesses.

Subsequent instalments

If you vary your advised instalment amount for a quarter you'll have a varied instalment amount for each of the remaining quarters of the financial year. This varied instalment amount will be either:

- 25% of the estimated annual GST liability on which you based your varied instalment amount for the previous quarter, if that estimate hasn't changed
- a new varied instalment amount for the quarter if your estimated annual GST liability has changed.

Each time you vary your instalment amount you need to write your new estimated annual GST liability on your activity statement.

Example

Les is a plumber who is eligible to pay GST by instalments. He chooses to pay by instalments from the September quarter.

For the **September quarter** Les pays the advised amount of \$20,000.

By the time his **December quarter** instalment is due, Les estimates his GST liability for the year will be only \$70,000. He decides to vary his instalment amount.

Les works out his varied instalment amount for the December quarter as follows:

Estimated annual GST liability	\$70,000
Amount to be paid by December quarter (\$70,000 × 50%)	\$35,000
less GST instalment amount paid for September quarter	\$20,000
Varied instalment amount for December quarter	\$15,000

Les enters \$15,000 as his varied instalment amount and \$70,000 as his estimated annual GST liability on his December quarter activity statement, and also provides a reason code.

For the **March quarter**, Les has not changed his estimated annual GST liability of \$70,000. His instalment amount for the March quarter is \$17,500 (that is, \$70,000 × 25%).

For the **June quarter**, Les estimates that his GST liability for the year will be \$73,000. He works out his varied instalment amount for the June quarter as follows:

Estimated annual GST liability	\$73,000
Amount to be paid by June quarter (\$73,000 × 100%)	\$73,000
less GST instalment amounts paid for previous quarters (\$20,000 + \$15,000 + \$17,500)	\$52,500
Varied instalment amount for June quarter	\$20,500

Les enters \$20,500 as his varied instalment amount and \$73,000 as his estimated annual GST liability on his June quarter activity statement, and also provides a reason code.

Varied instalment amount for a new business

If you're a new business and become eligible to use the instalments option part way through a financial year, you can choose to use this option when you first become eligible.

If you choose the instalments option part way through a year, you take into account any GST net amounts you paid or were refunded in earlier quarters when working out your varied instalment amount.

Example

Lyn is a landscape designer and registers her business for GST in July. She receives a net GST refund of \$2,000 for the September quarter and pays a net GST amount of \$13,000 for the December quarter.

Lyn is eligible to use the GST instalments method for the March quarter. Lyn phones us on **13 28 66** to confirm her eligibility and elect GST instalments. Lyn is subsequently notified that her instalment amount for the March quarter is \$13,000.

As Lyn estimates her annual GST liability to be \$30,000, she decides to vary her instalment amount for the March quarter, as follows:

Estimated annual GST liability	\$30,000
Amount to be paid by March quarter (\$30,000 × 75%)	\$22,500
less the net GST amounts paid for the September and December quarters (\$13,000 – \$2,000)	\$11,000
Varied instalment amount for March quarter	\$11,500

Lyn enters \$11,500 as her varied instalment amount and \$30,000 as her estimated annual GST liability on her March quarter activity statement, and also provides a reason code.

Penalties if your varied instalments are too low

If you vary your GST instalment amount and the total of your instalments (or the estimate you use to work out your instalment for a quarter) is less than 85% of your GST liability for the year, we may impose a penalty. You won't incur a penalty if you pay the instalment amounts advised by us.

If a penalty applies because you varied an instalment amount and it was too low, the shortfall will be reduced if you paid any extra amounts in a later quarter.

In certain circumstances we can use our discretion to reduce penalties in whole or in part. For example, if you incur a penalty but can show that your estimated annual GST liability was fair and reasonable and was incorrect only because of an unexpected upturn in sales, we may reduce the penalty.

See also:

- [Lodging your annual return](#)
- [Primary producers and special professionals](#)

Primary producers and special professionals

Primary producers and special professionals who meet certain criteria only pay GST instalments in the last two quarters.

Last updated 5 July 2017

Primary producers and special professionals who meet certain criteria only pay GST instalments in the last two quarters of a financial year. The instalment amounts for the first and second quarters are included in the third quarter instalment.

You pay two instalments a year if:

- you're a primary producer or a special professional, such as an author, inventor, performing artist, production associate or sports person
- your net income as a primary producer or special professional in your last assessment was at least \$1 (that is, your income exceeded your deductions and the business did not run at a loss).

When working out your net income:

- ignore any carried-forward losses
- include net farm management deposits and withdrawals if withdrawals were more than deposits.

If you pay two instalments, we work out the instalment amounts so that you pay:

- 75% of your annual GST liability – and any wine equalisation tax or luxury car tax liability you may have – by 28 April
- the remaining 25% by 28 July.

Example: Primary producer

Russell owns and operates a dairy farm.

On 28 October 2016 he chooses to pay GST by instalments. While Russell has not yet lodged his tax return for the 2015–16 income year, in his 2014–15 tax return he had:

- \$200,000 income from dairy sales
- farm expenses of \$150,000
- a carried-forward tax loss of \$60,000.

While Russell has a net loss of \$10,000 (\$200,000 income from dairy sales less \$150,000 farm expenses, less \$60,000 tax loss carried forward) for his most recently lodged tax return, he still pays GST for the year in two instalments. This is because:

- he carries on a primary production business
- his assessable income from that business (\$200,000) was more than his deductions related to that income (\$150,000) in his most recent tax return.

Russell does not take his carried-forward losses into account when working out whether he pays two or four instalments.

Example: Special professional

Jana writes romance novels and short stories.

On 28 October 2016 she chooses to pay GST by instalments. Jana lodged her 2014–15 tax return in August 2015. In that year she earned \$33,000 for her novels and \$6,000 for a series of stories in a magazine. Her allowable deductions for expenses she incurred in producing this income were \$5,000, leaving her with net assessable income from her writing activities of \$34,000.

Jana pays GST for the year in two instalments because:

- she is a special professional

- her assessable professional income (\$39,000) was more than her deductions related to that income in her most recent tax return.

See also:

- TR 97/11 *Income tax: Am I carrying on a business of primary production?*

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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