



## Travel and tourism

Detailed information about GST and the travel and tourism metal industry.

### **GST and international travel**



Explains the circumstances where international travel and tourism-related activities are taxable or GST-free.

### **GST-events and conferences supplied by non-residents**



Check your GST obligations if you are Non-resident business supplying or arranging events or conferences in Australia.

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## **GST and international travel**

Explains the circumstances where international travel and tourism-related activities are taxable or GST-free.

6 April 2017

International travel

Domestic travel - Australian residents

Travel within Australia - non-residents

Transport insurance

Commissions

- [International travel](#)
- [Domestic travel - Australian residents](#)
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- passenger transport to or from Australia or between destinations outside Australia
- domestic air travel where the passenger is a non-resident and the travel was purchased while the passenger was outside Australia
- some domestic travel within Australia connected with international transport
- transport insurance connected with the international transport of passengers
- purchasing a service that is used or enjoyed outside Australia.

Where a travel or tourism service is GST-free, any insurances, arrangement fees or commissions associated with it are also GST-free.

## International travel

### To and from Australia

International transport is GST-free if you sell it to passengers travelling to or from Australia (by air or sea) and:

- their last place of departure in Australia is to a destination outside Australia
- it is from a place outside Australia to the first place of arrival in Australia
- it is from a place outside Australia to the same or another place outside Australia.

### Outside Australia

Transport booked within Australia for travel outside Australia is GST-free. This covers activities such as coach tours, train transport, hire-cars and ferry passages.

#### **Example: Transport outside Australia**

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Rachael has booked a trip to England. The itinerary includes coach tours in England and a cross-channel sea voyage. The supply of transport and insurance are GST-free.

Services booked within Australia for use overseas are also GST-free.

#### **Example: Services outside Australia**

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Dale and her cousin Lauren are planning an overseas trip. They take advantage of a special offer from a local travel agent, and book a return flight from Sydney to London. The supply of air travel is GST-free.

The travel agent also arranges accommodation, car hire in London and a European tour that includes dinner and a show at a night-club in Paris. These arrangements are also GST-free.

## **Domestic travel - Australian residents**

### **Air travel**

You can sell domestic air transport GST-free to Australian residents if it:

- is part of an itinerary or arrangement leading to international air transport
- formed part of, or was cross-referenced to, a ticket for international air transport when the arrangement was made.

#### **Example: GST-free air travel**

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Tanya lives in Brisbane and has booked an overseas trip. She will fly from Brisbane to Sydney to connect with a flight to New York. From New York she will fly to London and then back to Australia,

landing in Sydney before flying home to Brisbane. All of Tanya's air travel supplied is GST-free if the Brisbane to Sydney and Sydney to Brisbane flights were booked or committed to at the same time as the international flights.

If the Brisbane to Sydney return flights were booked separately but cross-referenced to the international flights, they are still GST-free.

## Sea travel

Domestic sea transport is wholly GST-free for Australian residents if it is part of a journey from:

- Australia to a destination outside Australia, and the transport is provided by the same supplier who transports the passenger from Australia
- a destination outside Australia to Australia, and the transport is provided by the same supplier who transports the passenger to Australia.

### Example: International cruise and domestic voyage

Tom and Jane, from Hobart, recently married and will celebrate with an ocean cruise to Fiji that departs from Melbourne. Jill organises a separate sea cruise with a different carrier from Hobart to Melbourne to meet up with the ocean liner.

GST must be paid on the sea leg from Hobart to Melbourne as it is domestic travel and is not provided by the same supplier who transports Tom and Jane to Fiji.

### See also:

- Issue 13 – Treatment of the domestic leg of an international flight of the 'Tourism and hospitality industry issues register'.
- *GSTR 2007/2 Goods and services tax: in the application of paragraph (b) of item 3 in the table in subsection 38-190(1) of the A New Tax System (Goods and Services Tax) Act 1999 to a supply, when does 'effective use or enjoyment' of the supply 'take place outside Australia'?*

## Travel within Australia - non-residents

Air travel within Australia is GST-free for non-residents provided they are outside Australia when they purchase it.

Domestic sea transport is subject to the same GST conditions for non-residents as for [Australian residents](#).

### Example: GST-free travel

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Nils lives in Sweden and arrives in Australia for a holiday. When he booked his international transport in Sweden, he knew he wanted to visit the Northern Territory and purchased a domestic flight to Darwin as part of his itinerary. Supply of the entire transport including the domestic air travel to Nils is GST-free.

### Example: GST payable

Sue-Ellen is an American resident and arrives in Australia for a holiday. While in Sydney she decides to spend a week on the Gold Coast and purchases a ticket direct from a domestic airline. Even though Sue-Ellen is a non-resident, GST will be included in the price of her domestic air ticket.

### Example: Mixture

Robyn lives in England and has booked a holiday in Australia. Robyn has decided to fly to Sydney, catch the ferry to Hobart, fly to Brisbane, cruise on a yacht to Cairns and then fly home. Robyn books the entire travel itinerary while she is in England. Supply of all air travel to Robyn is GST-free; however, supply of the ferry to Hobart and the cruise to Cairns are not GST-free as they are not domestic legs of an international flight or sea voyage.

Travel within Australia is also GST-free for non-residents if it is arranged within Australia as part of a package that is purchased overseas.

### Example: Package tour for non-resident tourists

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Mac Tours is an Australian business that organises package tours to Australia and then arranges for these packages to be sold in the USA. Part of the package involves the use of domestic air

transport from Cairns to Dunk Island. Mac Tours has an agreement with Cal Air to transport non-residents from Cairns to Dunk Island. The international air transport is arranged separately.

Supply of the international flights is GST-free. Supply of the domestic air transport will be GST-free if the following applies:

- there is a binding agreement between Mac Tours and Cal Air that confirms the transport of the non-resident passengers from Cairns to Dunk Island when Mac Tours purchases the domestic transport
- the non-resident passengers are outside Australia when the travel is booked.

## Transport insurance

If the transport is wholly GST-free, the insurance is also GST-free. This covers international passenger transport and wholly GST-free domestic transport.

### See also:

- *GSTR 2000/33 Goods and services tax: international travel insurance*
- [International travel](#)

## Commissions

If you are a travel agent, you may receive fees – such as travel agents' commissions – for arranging transport and land content. A travel agents' commission can be any type of payment for agency services.

If the sale is for GST-free travel, the commission is also GST-free. This applies to registered travel agents and other tourism enterprises, such as:

- airlines
- hotels
- professional conference organisers, who arrange domestic and overseas travel on behalf of another person or persons.

### **Example: Professional conference organiser**

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XYZ Co, an entity in Australia, wishes to arrange an executive retreat in New Zealand for 12 of its managers. XYZ Co contracts with Conventions Ltd (a professional conference organiser) to arrange motivational talks, accommodation, meals and sightseeing tours. The transport and other services in relation to the retreat are GST-free, so the commissions received by Conventions Ltd are also GST-free.

#### **See also:**

- *GSTR 2018/1 Goods and services tax: supplies of real property connected with the indirect tax zone (Australia)*
- *GSTR 2019/1 Goods and services tax: supply of anything other than goods or real property connected with the indirect tax zone (Australia)*

## **Working out the GST**

If you provide a combination of taxable sales and GST-free sales, the GST on any commissions for arranging those sales needs to be apportioned.

### **Example: domestic and international travel**

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Mike operates a travel agency in Sydney, and has a regular client, Samantha. She is participating in a convention in London and would like to combine this with a short tour of France. However, before the overseas travel, she wishes to travel to the Gold Coast with her family. Further, before departing overseas she needs two days at a Sydney hotel to prepare her papers.

Mike contacts various suppliers to arrange a travel package and price suitable for Samantha.

Mike also arranges for adequate travel insurance cover.

Mike will receive commissions from the various suppliers. To work out the total amount of GST payable on the commissions, he must identify the sales that are:

- taxable

- GST-free
- not subject to GST.

### **Samantha's itinerary**

1. Domestic flight – Sydney-Coolangatta-Sydney – *taxable sale*
2. Accommodation – Coolangatta – *taxable sale*
3. Hire car – Coolangatta – *taxable sale*
4. Hotel accommodation -- Sydney two days – *taxable sale*
5. Domestic flight Sydney-Melbourne-Sydney (international flight departs and arrives Melbourne) – *GST-free sale*
6. International flight Melbourne-London-Melbourne – *GST-free sale*
7. Theatre tickets - London – *not subject to GST*
8. European flight – London-Paris-London – *GST-free sale*
9. Accommodation – Paris – *not subject to GST*
10. Car hire – Paris – *not subject to GST*
11. Travel insurance for international and connecting flights – *GST-free sale*
12. Travel insurance for other travel – *taxable sale*

Therefore Mike must pay GST on commissions received for items 1-4 and item 12.

### **Example: Air travel and cruise**

Jill is a travel agent, and arranges a sea voyage to Fiji for her clients' honeymoon. The package provides for the clients to take a connecting domestic flight from their home in Melbourne to Sydney. The ocean liner embarks from Sydney, berths at Brisbane and Cairns then cruises to Fiji and returns to Sydney. Jill receives commissions from both the airline and the cruise-ship operator.

- Domestic flight Melbourne-Sydney-Melbourne – *taxable sale*
- Cruise Sydney-Brisbane-Cairns-Fiji-Sydney – *GST-free*



In this case GST is payable only on the commissions received for the flights.

**See also:**

- *GSTR 2001/8 Goods and services tax: apportioning the consideration for a supply that includes taxable and non-taxable parts.*

## **Override commissions**

You may receive extra commissions if you achieve set airline ticket sales over a specified period. These additional commissions are known as:

- an override commission
- a bonus commission
- a volume commission.

In most cases, override commissions are given regardless of the GST status of the transport.

The override commissions that relate to arranging GST-free transport are GST-free. Override commissions that relate to taxable transport are taxable.

The payment of an override commission is considered an 'adjustment event' rather than a separate sale, and requires an adjustment to your activity statement.

**See also:**

- Adjustment events

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## **GST-events and conferences supplied by non-residents**

Check your GST obligations if you are Non-resident business supplying or arranging events or conferences in

# Australia.

12 October 2018

**International travel**

**Domestic travel - Australian residents**

**Travel within Australia - non-residents**

**Transport insurance**

**Commissions**

If you are a non-resident business who supplies or arranges events or conferences in Australia, you need to consider whether you have goods and services tax (GST) obligations and entitlements.

What you need to do:

- determine if you are required to register for GST
- if you register for GST or are required to be registered you also need to
  - determine if the supplies you make are subject to GST
  - include GST in the price you charge for supplies that are subject to GST
  - issue tax invoices for your taxable sales
  - determine if you are eligible to claim GST credits
  - report and pay GST amounts to us, and claim GST credits by lodging a business activity statement or an annual GST return.

We're here to support you, however we expect you to take reasonable steps to meet your GST obligations. If you still find that you need assistance, send an email to **AustraliaGST** and we will work with you to help you comply.

## **See also**

- **Do you need to register?**
- **Australian GST registration for non-residents**

- [Determine if the supplies you make are subject to GST](#)
- Issuing tax invoices
- [Claiming GST credits](#)

## **Determine whether the supplies you make are subject to GST**

As an event or conference provider (who is registered or required to be registered for GST), you may make a supply of event admission or sponsorship.

Whether your supplies of event admission or sponsorship are subject to GST will depend on what is supplied to the attendees or sponsors.

The supplies of event admission and sponsorship may be made up of distinct separate supplies. These must be considered individually as to whether they are subject to GST. This includes:

- entry to the Australian event or conference
- food or drink at premises in Australia
- rental of exhibition rooms/space/stands
- rental of hotel accommodation
- social events such as Australian tours or site visits
- transport services
- advertising services.

## **Supply of event admission**

### **When to include GST in the price of the supply of event admission**

You must include GST in the price of event admission if the attendees are:

- Australian businesses or individuals that are not registered for GST
- overseas non-resident attendees that do not carry on any business activity.

## **When not to include GST in the price of the supply of event admission**

The supply of event admission has no GST implications and is not connected with Australia where the event is only for the attendees' business purposes and the attendees are:

- GST registered businesses that carry on their businesses in Australia
- overseas non-residents that carry on their business outside Australia.

You must ensure you have sufficient information about the attendee's business status before treating the supply of event admission to the attendees as not connected with Australia, and as a result not subject to GST. For example, for GST registered businesses that carry on their businesses in Australia, you can ask the attendees to provide in writing their Australian business number (ABN) and whether they are registered for GST.

### **See also**

- GST cross-border transactions between businesses

## **Supply of food at premises in Australia**

For GST purposes, a supply of food (drinks and meals) is a supply of goods.

As a result, the supply of food at premises in Australia to all attendees is subject to GST and you must include GST in the price of the food supplied.

## **Supply of exhibition room, stand or space or accommodation**

The supply of rental of an exhibition room, space or stand in Australia is a supply of real property and is connected with Australia. This applies to both Australian and non-resident businesses regardless of whether or not they are registered for GST.

You must include GST in the price of these supplies.

If you provide Australian hotel rooms to attendees or sponsors at an event or conference, this is a supply of real property and is subject to GST.

You must include GST in the price of these supplies.

## **Supply of a social event**

The supply of a social event, like a visit or tour to an Australian site is connected with Australia. It is for the private enjoyment of the person attending the social event.

The supply of the social event is subject to GST and you must include GST in the price of these supplies.

## **Supply of transport services**

The supply of domestic transport services such as bus transfers is connected with Australia, as the transport service is operated in Australia and is for the use of the person in Australia.

The supply of the transport service is subject to GST and you must include GST of these supplies.

## **Supply of advertising services**

If the sponsorship package is only about advertisement of the sponsor's business, then the supply is a supply of advertising services.

### **Australian sponsors**

When the Australian sponsors are registered for GST in Australia and they purchase advertising services for their business purposes, the supply of the advertising services is not connected with Australia and the supply is not subject to GST.

You need to ensure you have sufficient information before treating the supply to the GST registered businesses in Australia as not connected with Australia. For example, you can ask that business to provide in writing its ABN and whether it is registered for GST.

### **Overseas sponsors**

When the overseas sponsors are non-residents who carry on a business outside Australia, and the purchase of the advertising services is for their overseas business purposes, the supply of advertising services is not connected with Australia.

The supply is not subject to GST.

## **Mixed supply of admission to an event in Australia**

If you make a supply of an event admission to an event in Australia that consists of taxable and non-taxable supplies, you have to apportion the fees received between the taxable and non-taxable supplies on a reasonable basis.

For example, the supply of the event is a mixed supply if the event includes:

- an opening dinner and cocktails (subject to GST)
- event admission to a business (not subject to GST)
- a visit to local attractions (subject to GST).

### **See also**

- *GST Ruling GSTR 2001/8 Goods and services tax: Apportioning the consideration for a supply that includes taxable and non-taxable parts*
- Input-taxed sales

## **Claiming GST credits**

You can claim a credit for any GST included in the price of any goods and services you buy for your business. To claim a GST credit, all of the following conditions must be satisfied. You must:

- be registered for GST
- intend to use your purchase solely or partly for your business, and the purchase must not relate to making input-taxed supplies
- ensure the purchase price includes GST
- provide or be liable to provide payment for the item you purchased
- have a tax invoice from your supplier (for purchases more than A\$82.50).

If you are a non-resident business registered for GST in Australia, under the full GST registration or GST only registration, you can't claim a GST credit for expenses that are non-deductible for income tax purposes.

Examples of non-deductible expenses for income tax purposes include purchases of a private nature and entertainment provided to either an employee or an employee's family.

The types of things included as entertainment expenses are:

- business lunches, dinners, cocktail parties and social functions
- tickets to sporting or theatrical events, sightseeing tours and holidays
- accommodation and travel in connection with entertaining employees and non-employees (for example clients) over a weekend at a tourist resort or providing them with a holiday
- sport and similar leisure time activities or pursuits, for example a game of golf, theatre or movie tickets, a joy flight or a harbour cruise.

If you purchase goods or services for both business and private use, you can only claim a GST credit for the part of the purchase relating to your business use. If you later find your actual use differed from your intended use, you may need to adjust the amount of GST credits you have claimed.

**See also**

- When you can claim a GST credit
- When you cannot claim a GST credit
- Non-residents and non-deductible expenses

**Voluntary disclosure**

After reviewing your supply of event admission or sponsorship, you may discover mistakes in your reported GST amounts. If this occurs, we encourage you to make a voluntary disclosure. Reduced penalties will apply if you voluntarily disclose errors before we conduct any compliance activity.

**See also**

- Make a voluntary disclosure

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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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