

Customer Information

Bulletin No. 110
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EFFECT OF THE GOODS AND SERVICES TAX (GST) ON PURCHASES OF DOLA LAND REGISTRY PRODUCTS AND SERVICES

The Australian Tax Office (ATO) has made a preliminary determination that some DOLA fees and charges will be taxed under the GST at a rate of 0% (effectively exempt at present). In other cases, the full 10% rate of GST will apply to DOLA products and services. **This bulletin is based on the preliminary determination and pends a final determination, which is not available at the time of print.** This bulletin is issued to assist customers in their preparation for the introduction of the GST and further information will be provided, if the situation changes.

This Bulletin deals primarily with the effect of the GST on products and services presently paid for in the Customer Accounting System (CAS) and the Document Acceptance System (DAS).

DOLA has number of financial systems and is moving towards merging them into a single system to improve customer service. The introduction of the GST has provided an opportunity to move some of DOLA's products and services from CAS into its corporate financial system (CFACS). Others will stay in CAS until it is decommitted. At present, this is anticipated to be in mid to late 2002.

Products and Services not Affected by GST

- **Search Fees**
Fees for searching titles, documents, survey information and certified copies are taxed at 0%. Post fees associated with searching are taxed at the full rate of GST. However DOLA will absorb the GST cost.
- **Registration and Lodgment Fees**
Fees for registration of land registry documents (transfers and mortgages etc.) and surveys are taxed at 0%. This includes stopped document requisition fees.

Products and Services Affected by the GST

- **Electronic Advice of Sale (EAS)**
From 1 July 2000, GST will apply to the one dollar DOLA Service fee. This fee is not a new fee. It was previously deducted from the Water Corporation fee but not shown separately. It is a fee retained by DOLA for the provision of the service as part of the Customer Remote Search System. If there is no Water Corporation fee charged, there is no fee retained by DOLA and the service is provided free of charge.

The effect of the GST on EAS transaction is to increase the charge where there is a Water Corporation enquiry to \$20.10, or \$25.10 for an urgent enquiry.

A number of screens in the EAS system have been amended to record GST. The EAS proforma will become the tax invoice for EAS.

- **Digital Data, Reports, Plots and Microfiche Products**

Payment for digital data, reports, plots and microfiche products have been moved from CAS into DOLA's corporate financial management system, CFACS. This means that customers will be invoiced separately for each order of these products, instead of paying for them on the monthly CAS statement. CFACS terms are 30 days from the date of the invoice. CFACS invoices can be paid in person at the CMA counter at DOLA Midland, or by post. Payment for these products can also be made at the point of purchase by credit card.

A more comprehensive explanation of the new arrangements will be forwarded separately to existing purchasers of these products.

Considerations in Transfers

In some instances, the sale of real property will be liable to GST (e.g. the sale of some commercial properties, the first time sale of subdivided lots and new residential house and land packages).

The sale (consideration) of established residential properties is input taxed (no GST applies).

In accordance with the State Revenue Department's (SRD) amending GST legislation - *Financial Relations Agreement (Consequential Provisions) Bill 1999*, commencing from 1 July 2000, the calculation of stamp duty payable on a land transfer document is based upon the GST inclusive consideration.

Questions relating to the effect of the GST on transfers in respect to Stamp Duty and consideration disclosure should be directed to the SRD.

Changes to CAS

CAS has been redeveloped to allow GST to be calculated on EAS transactions. The CAS Statement has been amended to show GST on EAS transactions and also to include all other transactions (supply) that are taxed at 0%.

Tax Invoices

The new tax laws provide for the issuing of a "Tax Invoice", primarily for the purpose of substantiating input tax credit claims by GST registered entities. For the EAS service, from 1 July 2000, the modified EAS pro-forma becomes the GST Tax Invoice. The CFACS invoice will be the GST Tax Invoice for products and services paid for in CFACS. Other DOLA invoices will be amended to comply with the new tax laws.

Australian Business Number (ABN)

The new tax laws require organisations with an annual turnover exceeding \$50,000 to register for an ABN and the GST. It may also be beneficial for companies with turnover less than \$50,000 to at least register for an ABN, as the tax legislation requires 48.5% of any payment due to a company to be withheld, if the company's invoice does not state an ABN.

For your information, DOLA's ABN is 86 574 793 858.

Professional Advice

It is suggested that customers seek appropriate professional advice on matters related to the conduct of their business.

Industry Training

Many industry groups are running seminars on GST for their members. It is suggested that customers avail themselves of these opportunities.

Further Information

- **DOLA**

Enquiries regarding GST matters specifically related to DOLA products and services should be faxed to 92737682, marked attention Roy McManus or emailed to roy_mcmanus@dola.wa.gov.au.

- **ATO**

The ATO Tax Reform Website (www.taxreform.ato.gov.au) contains GST information for businesses. Customers can also contact the ATO via the website.

- **State Revenue Department**

The State Revenue Website is www.wa.gov.au/srd and their general enquiries telephone number is 92621400.



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