

# **A no-nonsense guide to GST & BAS for small businesses**



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Whether you're new to business or just new to BAS, this guide breaks down the essentials—what GST is, when you need to register, how to keep records, and what to do come lodgement time. No jargon, no stress—just what you need to stay compliant and confident.

# What is GST, really?

GST, or Goods and Services Tax, is a general tax of 10% applied to the price of most products and services sold or consumed in Australia. It was introduced back in July of 2000 to replace a bunch of state and federal taxes and simplify the whole tax system.

If your business is registered for GST, you add 10% to the price you charge your customers. When you make business-related purchases from another GST-registered business—think rent, equipment, and inventory—you can claim credits for the GST. These are called input tax credits. Finally, you lodge your business activity statement (BAS) to report and pay GST to the ATO.

## When you need to register:

- ✓ Your business has a GST turnover (that means your gross business income, not profit) of \$75,000 or more, OR
- ✓ You're a non-profit with a GST turnover of \$150,000 or more, OR
- ✓ You provide taxi or limousine services, no matter your turnover, OR
- ✓ You want to claim fuel tax credits, even if you're under the turnover threshold.

If none of those apply, registering is optional. Many smaller businesses register anyway to claim input tax credits and keep more cash in hand.



**If you haven't registered yet but realise you're on track to hit that \$75,000 turnover threshold, you have 21 days to register from the moment you know.**



## **When hitting the GST threshold matters**

Meet Yasmin, a freelance graphic designer based in Melbourne. For the past couple of years, Yasmin has been earning around \$60,000 per year—so up until now, she didn't have to register for GST.

But after landing a few new clients, Yasmin forecasts her income will hit \$78,000 this financial year. This means she's now legally required to register for GST within 21 days of knowing she'll cross the \$75K threshold.

## **So, what does Yasmin need to do?**

- ✓ Register for GST via the ATO website or through her tax agent.
- ✓ Start adding 10% GST to invoices moving forward.
- ✓ Put aside the GST she collects so it's ready when it's time to lodge a BAS.
- ✓ Start tracking GST on business expenses—which she can now claim as input tax credits, helping offset what she owes.





# Do I need to register for GST to get a business loan?

You can get a business loan without being registered for GST—particularly for equipment finance, where the asset is used as security and lowers the lender's risk. But keep in mind: your options will be limited.

Some lenders in our panel do consider businesses that haven't registered for GST, but:

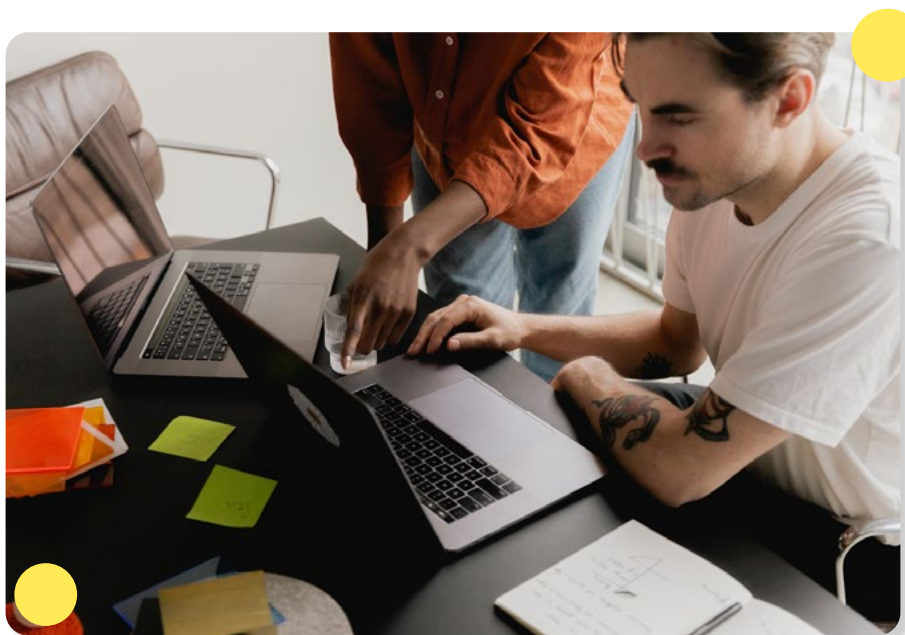
- **You'll have access to fewer loan types**
- **Borrowing limits tend to be lower**
- **You may need to offer up collateral**

Once you've registered for GST, though, our full panel of lenders opens up. From there, your eligibility depends on either your total time in business (including before GST registration) or the date you registered—whichever the lender uses. One important thing: make sure your tax is up to date.

So, is it worth registering? If you're looking to borrow, definitely. Being GST-registered can make a big difference:

- **It shows that your business is established, operating legitimately, and structured for growth—all green flags for lenders**
- **You can claim back GST on eligible purchases, freeing up cash flow for loan repayments**
- **You'll find it easier to share accurate BAS and financial data when lenders ask for it**

**Curious what you might be eligible for? We can help you compare loan options—whether you're GST-registered or just getting started. Get a quote today and find the right fit for your business.**



# What's BAS and why do I need to lodge it?

BAS is a form that businesses registered for GST need to lodge with the ATO. Depending on your turnover, that could be monthly, quarterly, or annually. Your BAS isn't just for GST—it also covers other tax obligations:

- Pay as you go (PAYG) withholding
- PAYG instalments
- Fringe benefits tax (FBT) instalments
- Luxury car tax
- Wine equalisation tax
- Fuel tax credits



## When is BAS due?

### Monthly

If your business turns over **more than \$20 million a year**, you'll need to lodge your BAS monthly—by the 21st of the following month.

*Example: Your January BAS is due by 21 February, your February BAS by 21 March, and so on.*

### Quarterly

If you turn over **less than \$20 million**, you'll usually lodge quarterly—by the **28th of the month after the quarter ends**.

*Example: Your Q1 BAS (Jul-Sep) is due by 28 October.*

### Annually

If your **GST turnover is under \$75,000 (or \$150,000 for non-profits)** and you've chosen annual reporting, you can lodge your BAS with your income tax return. That's due by **31 October**.

**Lodging and paying your BAS are two separate obligations. Even if you can't pay right away, you still need to lodge on time to avoid penalties.**



# Getting your GST and BAS systems in order



Getting your GST and BAS systems in order doesn't need to be complicated—but it does need to be consistent. It starts with the basics: choosing the right accounting method, keeping accurate records, and making sure your software is set up with the correct GST codes.

## Accounting methods

Depending on which accounting method you opt for, the way you do your BAS will change.

### Cash accounting

**Best for:** Smaller businesses with simpler cash flow

If your aggregated turnover is less than \$10 million, the cash accounting method lets you report GST when you receive money (not when you issue invoices) and claim GST credits on purchases only when you pay your suppliers.

This method matches your actual cash flow, so there's no risk of having to pay GST before you've even received it.

### Accrual accounting

**Best for:** Larger businesses or those with complex invoicing and credit terms

With the accrual accounting method, you record GST when invoices are issued or received, regardless of when payment happens.

This method gives you a clearer picture of your business performance, and it's useful if you want income and expenses to match accurately.

### Simpler BAS method

**Best for:** Startups with a GST turnover of less than \$10 million wanting to reduce paperwork

With the simpler BAS method, you only need to report GST on sales, GST on purchases, and total sales, without having to break it all down by categories.

This method is easier to manage and doesn't require as much time and effort.

# Keeping accurate records



Keeping accurate records is the backbone of a smooth BAS process. For each expense, make sure you have:

- A valid tax invoice (required for claims over \$82.50 incl. GST)
- Proof of payment (for instance, a bank statement or credit card record)
- Supplier ABN and GST registration status
- Date and description of the purchase
- Clearly stated GST amount
- Whether the item is used for business, personal, or both
- Digital or paper copy filed somewhere easy to find

**For anything under \$82.50 (GST-inclusive), the ATO lets you claim GST credits without a full tax invoice, but you still need to keep some sort of proof, like a receipt or bank record.**



You can use accounting software or a simple filing system, but whatever you do, don't rely on memory or loose scraps of paper. It will come back to bite you.

## Let's say you're a tradie doing your first BAS:

You've been charging GST on your invoices, but you haven't been tracking which of your expenses include GST and which don't. BAS time rolls around, and you try to claim GST on everything: tools, subcontractor invoices, even a cappuccino from your local café.

**Here's the catch: not all expenses include GST**, and you can only claim back what you've actually paid. That cappuccino? No GST. Your subcontractor? If they're not registered for GST, there's nothing to claim. You end up needing to revise your BAS and cop a delay on your refund.

**Lesson learned:** Keep clear records, check for valid tax invoices, and make sure the supplier is registered for GST before claiming credits.



# How to Lodge Your BAS

There are three ways to lodge your BAS:

## Online

Lodging your BAS online is quick, convenient, and secure. You may get two additional weeks to complete it, can review your form before submitting it, and may even get a faster refund. You can lodge your BAS electronically via:

- **ATO online services for businesses**
- **Your myGov account (linked to the ATO), if you're a sole trader**
- **Online accounting software**

## Through an agent

If you have a registered tax or BAS agent, they can prepare and submit the statement for you. This means they have access to your BAS, as well as any reminder messages through the online service they use.

Using an agent also means you may be eligible for an automatic extension beyond the standard BAS due dates, giving you more time to meet your obligations.

## By mail

Although the ATO encourages business owners to choose the online method—and paper BAS forms are being phased out—lodging via mail is still an option. In this case, you fill in the form manually and mail it to the ATO using the provided, pre-addressed envelope.

**Nothing to report? Lodge your BAS as 'nil', online or over the phone.**



# BAS prep checklist

Here's what to tick off before you lodge:

## Organise your records

- ☐ Make sure all income and expenses are recorded for the BAS period
- ☐ Reconcile your bank transactions
- ☐ Collect all tax invoices and receipts (especially anything over \$82.50)
- ☐ Separate business and personal expenses

## Review your GST reporting

- ☐ Make sure you're using the right accounting method (cash or accrual)
- ☐ Check your GST codes are set up correctly in your accounting software
- ☐ Review GST you've collected on sales
- ☐ Review GST you've paid on purchases and expenses
- ☐ Work out the business-use portion of GST for items you also use personally
- ☐ Don't claim GST on rent, bank fees, and other GST-free items

## Review your income and PAYG obligations

- ☐ Check that your total sales match what's in your software
- ☐ If you have employees, calculate and include PAYG withholding
- ☐ Check any PAYG instalments that need to be paid (the ATO may pre-fill this)

## Reconcile your accounts

- ☐ Cross-check your BAS report with your general ledger or profit & loss
- ☐ Fix any errors, like duplicate transactions or incorrect amounts
- ☐ Double-check any manual adjustments or journal entries (and make sure they add up)

## Final checks before lodging

- ☐ Double-check all figures
- ☐ Confirm GST, PAYG, and total BAS payable/refundable
- ☐ Save a copy of the BAS summary for your records
- ☐ Lodge your BAS
- ☐ Pay what's due—or make sure the money's there when it's time

## Stay on top of deadlines

- ☐ Add reminders to your calendar—or let your accounting software do the nudging

# Common mistakes to avoid

## GST mistakes

### Claiming GST without a valid tax invoice

If you're claiming GST on purchases over \$82.50 (inc. GST), the ATO will want to see a proper tax invoice. Missing or incorrect invoices = no claim.

### Claiming GST on GST-free purchases

You can't claim GST on items like basic food, bank fees, interest, or residential rent.

### Incorrectly charging GST

Not all goods and services require GST. Charging it on exempt items can raise red flags with the ATO.

### Forgetting to register for GST

If your turnover hits \$75,000 (or \$150,000 for non-profits), it's time to register. It's easy to miss the threshold if you're not keeping track of it.

### Double-claiming GST on assets

Some businesses accidentally claim GST twice on big purchases—once upfront and then again through depreciation. The ATO doesn't miss it.

### Guessing instead of calculating

Rounding up or "guesstimating" GST credits might seem harmless, but it can get you flagged for an ATO audit.

### Claiming full GST on partially used items

If you're using something for both business and personal reasons, you have to apportion the GST and only claim the business-use part.

## BAS mistakes

### Mixing up cash and accruals

BAS figures have to match the accounting method you've chosen. Switching without updating your BAS can mess with your GST and PAYG figures.

### Missing due dates

BAS deadlines are strict. Missing them can lead to penalties and interest charges—even if you didn't owe GST to begin with.

### Leaving out PAYG withholding or instalments

BAS isn't just for GST. If you've got employees or PAYG instalments, make sure not to leave them out.

### Using the wrong GST codes

Misused GST codes can throw your whole BAS out, even if the rest of your bookkeeping looks solid.

### Not checking your BAS against your books

If your BAS doesn't line up with your P&L or balance sheet, you may be under- or over-reporting GST.

### Lodging without a final review

Rushing to lodge without double-checking your figures? That's where avoidable errors slip in—and fixing them later is never fun.



# Need a hand?

BAS and GST can get messy, but your business finances don't have to. At Valiant, we help Australian SMEs like yours access fast, flexible loans tailored to your needs—whether it's bridging a BAS payment, jumping on growth opportunities, or upgrading essential equipment.



## Got questions or need capital to smooth out cash flow at BAS time?

Get in touch with us to compare loan options in minutes.

### Sources

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