

INPUT-TAXED SUPPLIES FACT SHEET

What is an [input-taxed supply](#)?

This is a supply that the seller *cannot* charge GST on and also *cannot* claim any GST incurred in relation to that supply.

There are input taxed sales and input taxed purchases. Input taxed sales are things like interest income, dividend income, or residential income. Input taxed purchases are expenses related to any input taxed sales.

Input-taxed supplies must be reported on the Business Activity Statement.

Examples of input-taxed supplies include:

- Financial supplies (which includes most transactions relating to money)
- Supplies of residential rents
- Sales of residential premises (but not new homes)
- Precious metal supplies
- Food supplied by school tuckshops and canteens
- Fundraising events by charities and
- Coin-operated devices

Let's look at Financial Supplies:

Financial supplies can include:

- Bank account fees such as those to open, close or operate a bank account; ATM or electronic charges; charges for supplying cheque books; charges for cashing cheques or payment orders; fees for supplying replacement bank statements; dishonour or stop payment fees.
- Loan charges including borrowing and establishment fees; maintenance and discharge fees; valuation fees etc.
- Life Insurance and continuous disability policies
- Superannuation
- Hire purchase arrangements interest charges and associated fees
- Australian currency, foreign currency and travellers cheques
- Shares, bonds, debentures, structured notes, commercial bills, bank cheques, warrants, options, promissory notes or other bills of exchange

Residential Rent Explained:

Income and expenses relating to residential properties are input taxed. This means, landlords cannot charge GST on rent nor can they claim GST on rent-related expenses. This is called input taxed income and the related expenses are called input taxed purchases (property expenses).

These items are not financial supplies:

- Professional advice relating to financial supplies from your solicitor or accountant
- Taxation advice
- Systems that allow for the transfer of funds like payroll payment fees, merchant fees, direct debit/credit charges, electronic transfer fee, B-pay fees
- E-trade fees and broking fees
- Insurance (not life insurance)

Bookkeeping: Which tax codes do you use to record input-taxed supplies?

MYOB: Input Taxed Sales = ITS and Input Taxed Purchases = ITP – same for QuickBooks

Xero: Input Taxed (surprisingly!)

Saasu: Sale Input Taxed G1, G4

Note: When a supply is both a GST-free supply and an input-taxed supply, it is treated as the former.

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