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## 1 PURPOSE

- 1.1 This policy outlines how taxation is managed at CQUniversity.
- 1.2 This policy forms part of the University's financial management practice manual, which contributes towards meeting the University's obligations under the [Financial and Performance Management Standard 2019](#) (Qld).

## 2 SCOPE

- 2.1 This policy applies to all Federal and State taxation legislative requirements applicable to the University.

## 3 POLICY STATEMENT

- 3.1 The University must comply with all Federal and State taxation legislative requirements, including taxation rulings and regulations. The types of taxation applicable to the University are explained in detail below.

### Income tax

- 3.2 The University (excluding controlled entities) is an income tax exempt body under the [Income Tax Assessment Act 1997](#) (Cwlth).
- 3.3 The University is an endorsed deductible gift recipient (DGR). Therefore, donors may be able to claim a tax deduction for gifts/donations exceeding \$2 if certain conditions are met.

## Goods and services tax

- 3.4 Goods and Services Tax (GST) is a broad-based consumption tax that applies to transactions, not to entities, and is payable on taxable supplies.
- 3.5 In general, the University generates two types of supply:
- GST free supplies (e.g. education), and
  - taxable supplies (e.g. consultancies).
- This means that GST charged on purchases relating to these supplies can be claimed as an input tax credit.
- 3.6 As per legislative requirements, the University is required to calculate GST correctly and lodge a monthly Business Activity Statement (BAS) to the Australian Taxation Office within the prescribed timeframe.
- 3.7 Financial Accounting will ensure that GST is recorded and accounted for in accordance with the [A New Tax System \(Goods and Services Tax\) Act 1999](#) (Cwlth).

## Fringe benefits tax

- 3.8 Fringe Benefits Tax (FBT) is a Federal Government tax levied on fringe benefits (non-salary benefits) provided to employees or to an associate of an employee. FBT is payable on the grossed-up value of the taxable amount, which effectively doubles the cost of any non-salary benefits (fringe benefits) provided to employees.
- 3.9 The following non-salary benefits are included in the calculation of FBT:
- meal and entertainment benefits
  - vehicle benefits
  - housing benefits, and
  - other types of expense benefits.
- 3.10 The FBT year starts from 1 April and ends on 31 March. FBT is administered on the basis of self-assessment. Therefore, where an FBT liability exists, the University must submit an FBT return to the Australian Taxation Office within the prescribed timeframe.
- 3.11 The Financial Accounting Team will ensure that FBT is recorded and accounted for in accordance with the [Fringe Benefits Tax Assessment Act 1986](#) (Cwlth).

## Pay as you go withholding

- 3.12 Under the Pay As You Go (PAYG) withholding system, the University must withhold an amount from payments to employees, certain contractors and other businesses.
- 3.13 Employee payments entail salary and salary-related payments. The withholding amounts are calculated by reference to schedules provided by the Australian Taxation Office and may vary according to the legislation currently in force.
- 3.14 PAYG withholding also apply to payments made to contractors who does not pass the independent contractor test and other business that do not hold an Australian Business Number.
- 3.15 The University must remit the withholding amounts to the Australian Taxation Office within the prescribed timeframe.

## Payroll tax

- 3.16 Payroll tax is a State tax based on the annual payroll of employers. The University's annual payroll exceeds the current exemption threshold and is therefore within the compliance requirements of the legislation.

- 3.17 The University must calculate payroll tax on a calendar month basis and remit payments to the Office of State Revenue (or equivalent) in each State or Territory of Australia (as applicable) within the prescribed timeframe.
- 3.18 Financial Accounting will ensure payroll tax is recorded and accounted for correctly in the ledger.
- 3.19 Payroll will ensure that the University is compliant with the payroll tax act relevant to each State or Territory of Australia.

### **Land tax**

- 3.20 Land tax is a State tax which imposes a tax, for each financial year, on the taxable value of all taxable land held by the University. An assessment of the applicability of the land tax legislation must be completed by 30 June in accordance with the University's obligations to report annually.
- 3.21 Financial Accounting will ensure that land tax is recorded and accounted for in accordance with the [Land Tax Act 2010](#) (Qld).

### **International tax**

- 3.22 The University is an income tax exempt body for the purpose of Australian income tax. However, this might not be applicable in foreign countries.
- 3.23 When operating in foreign countries the University will comply with all relevant taxation laws, regulations, rulings, policies and procedures pertaining to each specific country.
- 3.24 Australia has entered into Double Tax Agreements (DTA) with more than 40 countries, affecting withholding tax and income tax residency status in the various tax jurisdictions. The University will comply with DTA's when entering into international arrangements with non-Australian resident organisations or individuals.
- 3.25 Financial Accounting will ensure compliance with international taxation law. Where appropriate, advice from external taxation consultants will be solicited.

## **4 RESPONSIBILITIES**

### **Compliance, Monitoring and Review**

- 4.1 The Chief Operating Officer and Deputy Director Financial Accounting and Operations are responsible for implementing, monitoring, reviewing and ensuring compliance with this policy.
- 4.2 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

### **Reporting**

- 4.3 There are no additional reporting requirements.

### **Records management**

- 4.4 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 4.5 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email [records@cqu.edu.au](mailto:records@cqu.edu.au)).
- 4.6 The University is required to retain documentation in relation to the beforementioned tax types for five years.

## **5 DEFINITIONS**

- 5.1 Terms not defined in this document may be in the University [glossary](#).

## Terms and definitions

**GST free supplies:** supplies that do not include GST. Examples of GST-free supplies are education and childcare services.

**Input tax credit:** GST that has been paid on any creditable acquisition (purchases).

**Taxable supplies:** supplies that include a charge for GST. A supplier makes a taxable supply if they are registered for GST.

## 6 RELATED LEGISLATION AND DOCUMENTS

[A New Tax System \(Goods and Services Tax\) Act 1999](#) (Cwlth)

[Delegation of Authority Policy](#)

[Fringe Benefits Tax Assessment Act 1986](#) (Cwlth)

[Income Tax Assessment Act 1997](#) (Cwlth)

[Land Tax Act 2010](#) (Qld)

[Payroll Tax Act 1971](#) (Qld)

[Payroll Tax Act 2007 No 21](#) (NSW)

[Payroll Tax Act 2007](#) (Vic)

[Payroll Tax Act 2008](#) (Tas)

[Payroll Tax Act 2009](#) (NT)

[Payroll Tax Act 2009](#) (SA)

[Payroll Tax Act 2011](#) (ACT)

[Pay-roll Tax Act 2002](#) (WA)

[Pay-roll Tax Assessment Act 2002](#) (WA)

## 7 FEEDBACK

7.1 Feedback about this document can be emailed to [policy@cqu.edu.au](mailto:policy@cqu.edu.au).

## 8 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
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Notes	This document was formerly known as the Taxation Policy (FMPM) (02/08/2017).