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## 1 PURPOSE

- 1.1 The purpose of this policy is to provide direction on CQUniversity's treatment of taxation and to provide relevant information regarding the various taxation legislation to ensure staff have a proper understanding of the taxation compliance requirements of the University.

## 2 SCOPE

- 2.1 This policy applies to all Federal and State taxation legislative requirements applicable to the University and to all staff responsible for the calculation, recording and reporting of taxation-related activities in accordance with the [Delegation of Authority Policy \(FMPM\)](#) and organisational structure of the Finance and Planning Division and relevant Responsibility Centres.

## 3 POLICY STATEMENT

### Framework

- 3.1 The [Financial Management Practice Manual](#) (FMPM) is the University's financial management policy framework. As such, this policy forms part of and must be read in conjunction with the FMPM.

### Taxation

- 3.2 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

- 3.3 The University is exempt from income tax by virtue of Division 50 of the [Income Tax Assessment Act 1997](#)

## 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)
  - 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 The Financial Accounting Team will ensure that GST is recorded and accounted for in accordance with the [New Tax System \(Goods and Services Tax\) Act 1999](#).

## 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 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:
- entertainment
  - 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 is required to 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](#).

## Pay As You Go (PAYG) Withholding

- 3.12 Under the PAYG withholding system, the University is required to withhold an amount from 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. The University must remit the withholding amounts to the Australian Taxation Office within the prescribed timeframe.

## Payroll Tax

- 3.13 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.
- 3.14 The University is required to calculate payroll tax on a calendar month basis and to remit payments to the Office of State Revenue (or equivalent) in each State or Territory of Australia (as applicable) within the prescribed timeframe.

- 3.15 The Financial Accounting Team will have in place processes to ensure that payroll tax is recorded and accounted for in accordance with the payroll tax act relevant to each State or Territory of Australia.

## Land Tax

- 3.16 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.
- 3.17 The Financial Accounting Team will ensure that land tax is recorded and accounted for in accordance with the [Land Tax Act 2010](#).

## 4 RESPONSIBILITIES

### Compliance, Monitoring and Review

- 4.1 The Deputy Director, Financial Accounting and Operations is responsible for managing the implementation of this policy and for ensuring that its provisions are adhered to and applied consistently across the University.
- 4.2 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

### Reporting

- 4.3 There are no additional reporting requirement.

### Records management

- 4.4 All records relevant to this document are to be maintained in a recognised University record keeping system.

## 5 DEFINITIONS

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

### Terms and definitions

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

**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).

## 6 RELATED LEGISLATION AND DOCUMENTS

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

[Delegation of Authority Policy \(FMPM\)](#)

[Financial Management Practice Manual](#)

[Fringe Benefits Tax Assessment Act 1986](#)

[Income Tax Assessment Act 1997](#)

[Land Tax Act 2010 \(QLD\)](#)

[Payroll Tax Act 1971 \(QLD\)](#)

[Payroll Tax Act 2007 \(NSW\)](#)

[Payroll Tax Act 2007 \(VIC\)](#)

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

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

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

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

[Payroll Tax Act 2008 \(TAS\)](#)

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

## 7 FEEDBACK

7.1 University staff and students may provide feedback about this document by emailing [policy@cqu.edu.au](mailto:policy@cqu.edu.au).

## 8 APPROVAL AND REVIEW DETAILS

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