

## **Bulk Mail Out to Non-Profit Organisations Voluntarily Registered for GST**

In October 2005, the Australian Taxation Office will write to approximately 16,000 non-profit organisations that are voluntarily registered for Goods and Services Tax (GST) with a view to encouraging them to de-register.

The main purpose of the mail out is to help these organisations clarify whether they are eligible to cancel their GST registration, and if so, assist them in undertaking this option if desired.

All Catholic entities are reminded that one of the prerequisites for membership of the Catholic GST Religious Group is GST registration. Any current member of the Religious Group that de-registers from GST will no longer be eligible to be a member. This will result in the entity being charged GST (10%) on purchases from Catholic entities that remain members of the Religious Group. Additionally, these entities will not be able to claim an input tax credit on the GST charged on purchases.

The mail out comprises a letter, a questionnaire, the fact sheet *Cancelling your GST Registration* and an *Application to Cancel Registration* form.

The questionnaire helps recipients to self-assess their eligibility to cancel their GST registration. Recipients need to complete the questionnaire and return it in the envelope provided whether or not they choose to cancel their GST registration.

The GST registration turnover threshold for a non-profit organisation is \$100,000. This means a non-profit organisation is not required to be registered for GST unless it desires to be a member of the Catholic GST Religious Group or its annual turnover is \$100,000 or more.

A non-profit organisation may voluntarily register for GST if its annual turnover is under \$100,000. This may be because it wants to complete transactions with other Catholic entities in the Religious Group and not account for GST, as well as claim back the credits for the GST it pays in the price of other goods and services it purchases for use in its activities. However, the decision to remain voluntarily registered for GST is one that ought to be based on the administrative needs of the organisation.

Non-profit organisations with an annual turnover under \$100,000 may prefer not to register for GST because they consider that it is better to forgo the non-reportable transactions with Catholic entities, as well as forgo GST credits that may be available, rather than undertake the tax obligations that registration places on them. These tax obligations include paying GST on sales (unless they are GST-free, input taxed or within the Religious Group), issuing tax invoices for sales of \$55 or more (unless to an entity within the Religious Group), and completing and lodging Business Activity Statements.

You can read more information about the Catholic GST Religious Group on the Australian Catholic Bishops Conference web site at <http://www.acbc.catholic.org.au/bc/finance/aboutgst.html>.

You can read more information about the bulk mail out on the Australian Taxation Office web site at <http://ato.gov.au/nonprofit/content.asp?doc=/content/64279.htm>.

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