



# Queensland Government

Department of **Local Government,  
Sport and Recreation**

## Distribution:

- ☐ CEO
- ☐ Deputy CEO
- ☐ Manager,  
Corporate  
Services
- ☐ Manager, Finance
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Service Delivery Division

25 July 2008

Ref: 10/08

## Local Government Bulletin

### Annual GST Certificates for 2007-08 by Local Governments

#### **Purpose**

The purpose of this Bulletin is to remind Councils that all local governments must, no later than 15 September 2008, give the Minister for Main Roads and Local Government an official certificate stating that the local government has paid notional GST for the most recently completed financial year.

For the purposes of the provision of the Annual GST Certificates for 2007-08, local governments are categorised as the following:

- **Continuing Local Government:** a local government where the external boundaries were not changed.
- **Adjusted Local Government:** a local government where the local government area was changed by the inclusion of an area in it, or exclusion of an area from it (i.e. Banana, Gold Coast, Ipswich and Logan).
- **Abolished Local Government:** a local government which ceased to exist on 14 March 2008.
- **New Local Government:** a new local government area (i.e. regional councils).

The Annual GST Certificate is required:

- Under section 21 of the *Local Government Finance Standard 2005* for continuing and adjusted Councils;
- Under section 18 of the *Local Government (Community Government Areas) Finance Standard 2004* for continuing Aboriginal Shire Councils;
- Under section 38 of the *Local Government Reform Implementation Regulation 2008* for ceased Councils; and,
- Under section 5A of the *City of Brisbane Regulation 1993* for Brisbane City Council.

## **Background**

The *Local Government Act 1993* (LG Act), in the definitions (Schedule 1), calls the GST amount that a local government may pay under the GST Act Section 5 “notional GST”.

In order to ensure local governments pay the notional GST, the Commonwealth, in Section 15(aa) of the *Local Government (Financial Assistance) Act 1995 (Cwlth)*, has legislated to require the State to withhold, from Financial Assistance Grant (FAG) payments to local governments, amounts equivalent to notional GST which the local governments have not paid.

This Commonwealth requirement is reflected in Section 200(2) of the LG Act which requires the State not to distribute to a local governing body any amount equal to notional GST the body has not paid.

## **Confirmation Process**

In order that the State can meet its obligations under the legislation, it needs to ensure a local government has paid notional GST. The term “has paid notional GST” is interpreted as meaning “has paid all notional GST due”, or in other words “voluntary GST payments”.

Please note the term “paid all notional GST due” goes hand in hand with the ability to claim GST input tax credits. That is, while government bodies may in fact receive net GST credits, this can only occur after accounting properly for all gross GST input tax credits and gross GST payments.

The primary method the State uses to ensure a local government has paid notional GST is to require a certificate of confirmation to be supplied to the responsible Minister by each local government. Whilst the certificate is seen as evidence that a local government has paid notional GST, it could be displaced by evidence to the contrary. This might be provided by auditors or may come from other sources.

If no certificate is provided, the State would need to ascertain by other means that the GST which the local government is to pay under the GST Act has been paid. If the GST had not all been paid by a local government, the amount would need to be quantified before the FAG could be paid to that local government. Otherwise the State could be in breach of the Commonwealth legislation.

## **Annual GST Advice**

The Minister seeks advice by 15 September 2008 on voluntary GST payments by local government bodies. For 2007/08, this advice is to be for the period:

- 1 July 2007 to 30 June 2008 for continuing and adjusted councils;
- 1 July 2007 to 14 March 2008 for abolished councils; and
- 15 March 2008 to 30 June 2008 for new councils.

The Scenic Rim Regional Council will prepare and certify the advice for the former Beaudesert Shire Council, the Fraser Coast Regional Council will prepare and certify the advice for the former Tiaro Shire Council and the Banana Shire Council will prepare and certify the advice for the former Taroom Shire Council, for the period 1 July 2007 to 14 March 2008.

### **Form of Annual GST Certificate**

The following forms will meet the requirements for this year.

The following form will meet the requirements for **continuing and adjusted councils**:

Executive Director  
Service Delivery Division  
Department of Local Government, Sport and Recreation  
PO Box 15031  
City East, Queensland, 4002

#### **Annual Certificate about payment of notional GST**

In accordance with Section 21 of the *Local Government Finance Standard 2005* for the financial year ending 30 June 2008, we certify that notional GST due and payable has been paid by (*name of Council*) for the period 1 July 2007 to 30 June 2008.

XYZ  
Mayor  
Dated: (before 15 September 2008)

ABC  
Chief Executive Officer

The following form will meet the annual requirements for **continuing Aboriginal Shire Councils**:

Executive Director  
Service Delivery Division  
Department of Local Government, Sport and Recreation  
PO Box 15031  
City East, Queensland, 4002

**Annual Certificate about payment of notional GST**

In accordance with Section 18 of the *Local Government (Community Government Areas) Finance Standard 2004*, for the financial year ended 30 June 2008, we certify that notional GST due and payable has been paid by (*name of Council*) for the period 1 July 2007 to 30 June 2008.

XYZ  
Mayor  
Dated: (before 15 September 2008)

ABC  
Chief Executive Officer

The following form will meet the annual requirements for all **abolished councils** including ceased indigenous councils. Please note that this form of certificate is to be prepared by the new local government for each abolished council. For example this form is to be used by the Torres Strait Island Regional Council to prepare the Annual GST Certificates for the former Torres Strait Island Councils which were merged to form the new local government area:

Executive Director  
Service Delivery Division  
Department of Local Government, Sport and Recreation  
PO Box 15031  
City East, Queensland, 4002

**Annual Certificate about payment of notional GST**

In accordance with Section 38 of the *Local Government Reform Implementation Regulation 2008* for the financial period ended 14 March 2008, we certify that notional GST due and payable has been paid by (*name of former Council*) for the period 1 July 2007 to 14 March 2008.

XYZ  
Mayor  
(name of new Council)  
Dated: (before 15 September 2008)

ABC  
Chief Executive Officer  
(name of new Council)

The following form will meet the annual requirements for **new councils**:

Executive Director  
Service Delivery Division  
Department of Local Government, Sport and Recreation  
PO Box 15031  
City East, Queensland, 4002

**Annual Certificate about payment of notional GST**

In accordance with Section 21 of the *Local Government Finance Standard 2005* for the financial period ending 30 June 2008, we certify that notional GST due and payable has been paid by (*name of Council*) for the period 15 March 2008 to 30 June 2008.

XYZ  
Mayor

Dated: (before 15 September 2008)

ABC  
Chief Executive Officer

***Further information***

Any further enquiries on this matter should be addressed to Natalee Jennings, Governance – Program Office, Service Delivery Division, phone 3225 8653, fax 3225 1350, or email [Natalee.Jennings@dlgpsr.qld.gov.au](mailto:Natalee.Jennings@dlgpsr.qld.gov.au).

The Department's postal address is PO Box 15031, City East, Queensland, 4002.

All recent Local Government Bulletins issued by the Department are available on our website at <http://www.localgovernment.qld.gov.au/?id=3295>. You can also subscribe free of charge on the Department's website to receive email notification of each new Bulletin published.

**Peta Jamieson**  
**Executive Director**  
**Service Delivery Division**