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Local Government Bulletin

Service Delivery Division
10 July 2009

Ref: 14/09

Annual GST Certificates for 2008-09 by Local Governments

Purpose

This Bulletin is to remind Councils that they must, no later than 15 September 2009, give the Minister for Local Government and Aboriginal and Torres Strait Islander Partnerships an official certificate stating that the local government has paid notional GST for the most recently completed financial year.

The Annual GST Certificate is required:

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

Background

The *Local Government Act 1993* (LG Act) defines the GST amount that a local government may pay under section 5 of the *GST and Related Matters Act 2000*, “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*, 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 2009 on voluntary GST payments by local government bodies for the period 1 July 2008 to 30 June 2009.

Form of Annual GST Certificate

The following forms will meet the requirements for this year.

Executive Director
Service Delivery Division
Department of Infrastructure and Planning
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 2009, we certify that notional GST due and payable has been paid by (***name of Council***) for the period 1 July 2008 to 30 June 2009.

XYZ
Mayor
Dated: (before 15 September 2009)

ABC
Chief Executive Officer

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

Executive Director
Service Delivery Division
Department of Infrastructure and Planning
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 2009, we certify that notional GST due and payable has been paid by **(name of Council)** for the period 1 July 2008 to 30 June 2009.

XYZ
Mayor
Dated: (before 15 September 2009)

ABC
Chief Executive Officer

Further information

Any further enquiries on this matter should be addressed to Paula Nichols, Program Office, Service Delivery Division, Phone: (07) 3225 8691, Fax: (07) 3225 1350, Email: paula.nichols@dip.qld.gov.au. The Department's postal address is PO Box 15031, City East, Brisbane Qld, 4002.

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