



I have recently started my own business and have been charging GST as that is what my clients require. My problem is that I am not yet registered for GST and am not completing BAS statements etc (although I am keeping the GST money aside). Will I get in trouble for this and can I register and apply retrospectively?

Ellie, Sydney

Unfortunately you can't do one but not the other. There are two options available to you.

Firstly you can retrospectively register for GST with the Australian Taxation Office (ATO). You will then be required to complete and lodge Business Activity Statements (BAS) for prior quarters and you may be penalised for late payment. Make sure that you issue "Tax Invoices" showing the GST collected.

Alternatively, if your business has an annual turnover under \$75,000 you may elect to remain unregistered for GST. In this instance, you will need to remit the GST previously collected back to your client. This would be my preferred option. Whether you are registered for GST or not should not make any difference financially to your client as their net cash outlay position should be the same as they would be claiming the credit back anyway from the ATO.