

# DLK ADVISORY

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## ATO FLAGS COMMON GST REPORTING ERRORS AND HOW TO CORRECT THEM

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The ATO has reported that some businesses are making simple mistakes reporting their GST. The ATO reminded taxpayers to avoid the following common GST reporting errors:

- Transposition and calculation errors - such errors can occur when an amount is manually input. The ATO says these errors can be eliminated by double checking all figures and calculations before submitting a Business Activity Statement ("BAS").
- No tax invoice - tax invoices must be kept to claim GST credits on business related purchases: see [When you can claim a GST credit](#).
- Transaction classification - check what GST is applicable. For example, transactions involving food may be GST applicable: see [GST food classification flow charts](#).
- Accounting systems - a system with one coding error can classify several transactions incorrectly. The ATO says taxpayers can check their business systems using the ATO's [GST governance and risk management guide for large businesses](#).

### **Correcting GST errors**

If a taxpayer finds a mistake made on a previous activity statement, the ATO says they can:

- correct the error on a later activity statement if the mistake fits the definition of a "GST error" and certain conditions are met;
- lodge an amendment - the time limit for amending GST credits is 4 years starting from the day after the taxpayer was required to lodge the activity statement for the relevant period; or
- contact the ATO for advice.



According to the ATO, the benefit of correcting a GST error on a later activity statement (where the conditions are met) is that the taxpayer will not be liable for any penalties or General Interest Charge ("GIC") for that error. The ATO says it is generally easier to correct a GST error on a later activity statement than to revise an earlier activity statement. Revising an earlier activity statement that contains an error can incur penalties or GIC.

If you'd like to get your GST affairs arranged, contact us today.

## **CONTACT**

If you have any queries, please feel free to contact us.

Ben Melin  
ben.melin@dlkadvisory.com.au

David Lilja  
david.lilja@dlkadvisory.com.au

DLK Advisory  
Level 6, 2 Russell Street  
Melbourne VIC 3000  
T: +61 3 9923 1222

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