

GST AND VOLUNTEER PAYMENTS

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When a payer makes payments to suppliers for goods or services to the business, those suppliers generally need to quote an Australian business number (ABN). They can quote their ABN on an invoice, or some other document that relates to the goods and services they provide.

If a supplier does not provide its ABN, the payer may need to withhold an amount from the payment for that supply – this is referred to as 'no ABN withholding'.

WITHHOLDING FROM PAYMENTS FOR SUPPLIES

Payers must withhold 47% (from 1 July 2017) from the total payment for a supply unless one of the following applies:

- Payers have an invoice or some other document relating to the supply on which the supplier's ABN is quoted
- The ABN of the supplier's agent is quoted (if the supply is made through the agent)
- One of the exceptions to withholding applies, or the supplier is not entitled to an ABN

Payers may also be required to withhold 47% (from 1 July 2017) from the payment if they have reasonable grounds to believe that the ABN quoted is invalid – for example, it belongs to another entityⁱ.

EXEMPTIONS FROM PROVIDING AN ABN

Certain suppliers are not required to quote an ABN to a payer. An individual or a business does not need to provide an ABN if one or more of the following applies:

- They are not carrying on an enterprise in Australia
- They are an individual under 18 years and the payment does not exceed \$350 per week
- The payment does not exceed \$75, excluding any goods and services tax (GST)
- The supply that the payment relates to is wholly input taxed
- They are an individual, and a written statement is provided to the payer to the effect that the supply is either:
 - Made in the course of furtherance of an activity done as a private recreational pursuit or hobby, or
 - Wholly of a private or domestic nature
- They are an individual or a partnership without a reasonable expectation of profit or gain
- They are not entitled to an ABN because they are not carrying on an enterprise in Australia
- The whole of the payment is exempt income.ⁱⁱ

Payments made by clubs and Associations/Leagues to umpires, coaches, supervisors, kiosk operators and the like, will usually be classified as an activity done as a private recreational pursuit or hobby.

A hobby is a pastime or leisure activity conducted in your spare time for recreation or pleasure.ⁱⁱⁱ

Thus, these payees can fill in a Statement by Supplier form as the following should apply:

- They are an individual, and a written statement is provided to the payer to the effect that the supply is:
 - Made in the course of furtherance of an activity done as a private recreational pursuit or hobby

RECOMMENDATION

Since the majority of your payees will not be in business and will therefore not have an ABN, Netball Victoria's recommendation is to obtain a written signed statement from all your payees, regardless of the amounts you intend to pay them. You can use a [Statement by Supplier form](#) as this written statement.

If they are genuinely conducting a hobby, your payee won't object – especially as most payments relating to a hobby are also exempt from income tax.

If they refuse to provide this statement and do not provide you with an ABN, you will have to withhold 47% tax from any payment you make to them.

ⁱ Australian Government - Australian Taxation Office. 2017. *Withholding From Payments For Supplies*. [online] Available at: <https://www.ato.gov.au/Forms/Statement-by-a-supplier-not-quoting-an-ABN/?page=2#Withholding_from_payments_for_supplies> [Accessed 16 June 2020].

ⁱⁱ Australian Government - Australian Taxation Office. 2017. *Statement by a Supplier not Quoting an ABN*. [online] Available at: <<https://www.ato.gov.au/Forms/Statement-by-a-supplier-not-quoting-an-ABN/>> [Accessed 16 June 2020]

ⁱⁱⁱ Business.gov.au. 2020. *Difference Between A Business And A Hobby*. [online] Available at: <<https://www.business.gov.au/planning/new-businesses/difference-between-a-business-and-a-hobby>> [Accessed 16 June 2020].