

**POTENTIAL GST CLAIM-BACK WORKINGS**

Here is the more detailed workings behind the discovery, and how you can also find if you have this opportunity to claim back GST.

This discovery came about while attempting to provide substantiating proof of the "perception" that Sales are diminishing year on year; when in fact, a degree of this is the migration of Billed delivery sales, becoming subscription payments and direct sub-agent credits as a reduction in cost of goods. Same gross profit earned, but, banks and buyers first impression is that Sales are declining.

Like all great discoveries, this one came out of the blue when searching for another reason.

We had collected 52 weekly QLD News statements from 2 of our news agencies for sale clients, and proceeded to transcribe every line item into excel worksheets to determine Supplies vs Credits, and where each credit comes from.

The example week discussed so far, resulted in Fig 1 below, but, you will see that if we take GST off Subscriptions, as in Fig 2, the Total GST of Figure 2 matches (within 2c) the Total Including GST found on the Qld News Statement shown in Figure 3.

	Tally	GST
Supplies	4944.09	449.46
Returns	-208.28	-18.93
Delivery Fees	-226.83	-20.62
Rebates	-22.50	-2.05
Inserts	-122.77	-11.16
Subscriptions	-1148.91	-104.45
<b>Totals</b>	<b>3214.80</b>	<b>292.25</b>

Fig 1.

	Tally	GST
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Subscriptions	-1148.91	0.00
<b>Totals</b>	<b>3214.80</b>	<b>396.70</b>

Fig 2.

Fig 3.

Separate Invoices not issued			
			Continued overleaf
Total Includes GST	Overdue	Current	Total Due
\$396.68		3214.80	\$3,214.80

**So, how can you find out if you can benefit from this ?**

Firstly, MOST people or book-keepers will enter the net invoice/statement amount into their accounting software and simply let the software accrue the GST at 1/11th. This would also be the likely case for those using cashbooks, or bank-link if they had not specifically noticed and transcribed the GST provisioned on the statement.



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We will not discount there are very switched on people out there who may have been already aware of this and done the correct book-keeping, but, of the newsagents we have talked to directly so far, not one was aware of this anomaly, and accordingly have clearly under-claimed their GST. This is why we are attempting to let Everyone know; our gift to the newsagency industry we are passionate about.

So, understanding most newsagents are time poor, the majority will likely have missed this. From what we can gather, the anomaly is solely to do with the treatment of GST on Subscription payments, so if you do not have Subscription customers on your QLD News statements, normally found starting on the front page shown as the client address, and a credit in the right column; then you are unlikely to benefit from this discovery.

If you do have Subscription customers, we imagine there would be 2 ways to work this out. Firstly, add up all the individual credits from Subscription customers across a specific date range of statements, divide by 11, and make an appropriate BAS adjustment (with the recommended help of your accountant) **or...**

- Create a spreadsheet to tally up / transcribe the Current Due / Total Due from every invoice for a period (BAS period or Financial Year).
- Then in the next column, tally up / transcribe the "Total Includes GST" noted on that same statement.
- Total the amount of "Total Includes GST" for the period you are collating.
- Divide the Total of the Current/Total Due for the same collated period by 11 to determine the amount of GST you have likely claimed already.
- Take the GST claimed so far away from the GST total from the statements, and you have the adjustment amount to claim.

As with everything to do with News Ltd accounting, there will be variances at times due to numerous reasons, so it's not a simple task to say one method is more correct than the other, and perhaps there is a different method possible through the book-keeping records that you keep; but, hopefully you now have a broader understanding of what to look for and how to look for this discrepancy.

Below is a summary of the 2nd method for one of our clients. For privacy reasons, we can not show the invoices themselves, or divulge the client.



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Sampled Newsagent QLD News Statements				
	Current Due	Total Inc GST	Expected	Underclaimed
Statement	From Statement	From Statement	GST	Difference
11/07/2010	\$2,989.06	\$393.71	\$271.73	\$121.98
18/07/2010	\$3,727.63	\$394.17	\$338.88	\$55.29
25/07/2010	\$4,135.39	\$406.40	\$375.94	\$30.46
01/08/2010	\$4,227.89	\$393.03	\$384.35	\$8.68
08/08/2010	\$3,741.61	\$404.42	\$340.15	\$64.27
15/08/2010	\$3,512.95	\$399.66	\$319.36	\$80.30
22/08/2010	\$1,946.99	\$373.71	\$177.00	\$196.71
29/08/2010	\$4,176.32	\$391.22	\$379.67	\$11.55
05/09/2010	\$4,123.56	\$401.49	\$374.87	\$26.62
12/09/2010	\$2,225.64	\$401.97	\$202.33	\$199.64
19/09/2010	\$3,535.88	\$401.83	\$321.44	\$80.39
26/09/2010	\$3,709.89	\$372.49	\$337.26	\$35.23
03/10/2010	\$3,128.55	\$378.01	\$284.41	\$93.60
10/10/2010	\$2,565.92	\$386.87	\$233.27	\$153.60
17/10/2010	\$4,142.31	\$385.85	\$376.57	\$9.28
24/10/2010	\$4,473.33	\$486.31	\$406.67	\$79.64
31/10/2010	\$5,227.29	\$478.61	\$475.21	\$3.40
07/11/2010	\$2,718.41	\$392.92	\$247.13	\$145.79
14/11/2010	\$3,114.34	\$368.00	\$283.12	\$84.88
21/11/2010	\$3,837.19	\$388.36	\$348.84	\$39.52
28/11/2010	\$3,208.20	\$320.19	\$291.65	\$28.54
05/12/2010	\$3,667.49	\$370.83	\$333.41	\$37.42
12/12/2010	\$4,017.52	\$365.21	\$365.23	-\$0.02
19/12/2010	\$3,831.60	\$373.48	\$348.33	\$25.15
26/12/2010	\$1,644.49	\$223.66	\$149.50	\$74.16
02/01/2011	\$3,605.76	\$395.90	\$327.80	\$68.10
09/01/2011	\$2,194.73	\$372.16	\$199.52	\$172.64
16/01/2011	\$3,536.60	\$378.26	\$321.51	\$56.75
23/01/2011	\$4,110.90	\$395.53	\$373.72	\$21.81
30/01/2011	\$4,060.75	\$383.86	\$369.16	\$14.70
06/02/2011	\$2,514.40	\$383.41	\$228.58	\$154.83
13/02/2011	\$2,843.06	\$367.12	\$258.46	\$108.66
20/02/2011	\$3,651.00	\$384.76	\$331.91	\$52.85
27/02/2011	\$3,753.92	\$377.16	\$341.27	\$35.89
06/03/2011	\$2,953.65	\$393.92	\$268.51	\$125.41
13/03/2011	\$2,860.59	\$374.65	\$260.05	\$114.60
20/03/2011	\$3,451.82	\$377.01	\$313.80	\$63.21
27/03/2011	\$3,855.38	\$369.91	\$350.49	\$19.42
03/04/2011	\$3,030.51	\$366.79	\$275.50	\$91.29
10/04/2011	\$2,145.98	\$368.49	\$195.09	\$173.40
17/04/2011	\$3,465.22	\$357.22	\$315.02	\$42.20
24/04/2011	\$3,466.07	\$348.86	\$315.10	\$33.76
01/05/2011	\$3,104.54	\$359.75	\$282.23	\$77.52
08/05/2011	\$2,309.76	\$373.01	\$209.98	\$163.03
15/05/2011	\$3,214.80	\$396.68	\$292.25	\$104.43
22/05/2011	\$3,439.63	\$369.94	\$312.69	\$57.25
29/05/2011	\$3,954.18	\$376.11	\$359.47	\$16.64
05/06/2011	\$2,877.74	\$372.80	\$261.61	\$111.19
12/06/2011	\$3,596.82	\$480.70	\$326.98	\$153.72
19/06/2011	\$3,239.03	\$343.99	\$294.46	\$49.53
26/06/2011	\$3,433.00	\$340.36	\$312.09	\$28.27
03/07/2011	\$2,871.59	\$353.54	\$261.05	\$92.49
<b>Total</b>	<b>\$175,170.88</b>	<b>\$19,814.29</b>		<b>\$3,889.66</b>
<b>GST @ 1/11th</b>	<b>\$15,924.63</b>			
<b>Underclaimed Difference</b>		<b>\$3,889.66</b>		



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This Newsagencies For Sale Pty Ltd client is now looking at his current year, and 2010 year, but in essence, has added almost \$4,000 to his net profit for FY 2011, which only makes his business more appealing for sale.

Again, we remind that we are a Newsagency Specialist Business Brokerage representing newsagencies for sale, we are not accountants. Whilst we firmly believe that hundreds of newsagents could benefit from this knowledge, (legal disclaimer) we can not accept any liability cost or consequence on how this is determined or used in your own business.

**We highly recommend that you consult your accountant with this, especially if you plan on lodging adjusting entries to existing BAS or tax returns.**

We know this will likely take a bit of time to put together, but, over a few years, this could add up to a lot of real money you can get back. We think it's worth your time to investigate.

In further thought, if you discover this discrepancy in your account keeping records :-

- You could calculate & claim back GST you may have overpaid for a few prior years
- Bear in mind that will have the effect of reducing your cost of goods, improving actual Profit
- If claiming prior years, you may owe income tax & ATO interest on that new profit
- Take care on how much work you give your accountant in determining this, as they bill by the hour.
- But, tax & interest theoretically shouldn't be greater than the amount you benefit.

This also raises the question, how does each newsagent take up the credited subscription payment? Do you enter each one into your accounting software, which then accrues GST? Or only enter the payment into your delivery software and how does it account? Or not transcribe the payment at all which some have told us. Somewhere in all this, there would be an ongoing taxable supply, but the main point here, is that normal book-keeping would likely have missed the entitled extra input tax credit noted on the Qld News Statement, and most accountants would not be aware of this as it's mostly a book-keeping issue.

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**QLD'S PREMIER  
NEWSAGENCY SPECIALIST  
BUSINESS BROKERAGE**

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We appreciate this may be opening a much broader can of worms, so please first cautiously investigate using your own time and then consult your accountant.

We sincerely wish you the best.

**If this has saved you money, potentially \$\$\$ thousands we know for some :-**

- Think of us fondly as your Newsagency Industry's Premier Specialist Brokerage
- Consider us highly as The Newsagency Brokerage who will present your business with the greatest market credibility to help achieve the best result.
- Send us an [email](#) or letter or bottle of something nice, or simply a Thanks !
- But most importantly, [Engage us FIRST](#) to represent your newsagency for sale.

This is an example of how QNF Sales' in-depth industry knowledge can potentially add unparalleled value to your news agency, from the specialist newsagency brokerage dedicated to supporting our newsagency industry.

**QNF Sales welcomes the opportunity to be of service.**

[www.qnfsales.com.au](http://www.qnfsales.com.au)

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