



COFFS HARBOUR CITY COUNCIL
ORDINARY MEETING
COUNCIL CHAMBERS
COUNCIL ADMINISTRATION BUILDING
COFF AND CASTLE STREETS, COFFS HARBOUR
15 MAY 2008

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COFFS HARBOUR CITY COUNCIL

ORDINARY MEETING

15 May 2008

Mayor and Councillors

CORPORATE BUSINESS DEPARTMENT SUPPLEMENTARY REPORT

C31 GOODS AND SERVICES TAX CERTIFICATE

Purpose:

The objective of this report is to provide certification that Council has met its obligations regarding the payment of Goods and Services Tax to the Australian Taxation Office for the period 1st May 2007 to 30th April 2008 inclusive and that this was done in accordance with the statutory requirements of *The Goods and Services Tax Act (1999)* and subsequent regulations and rulings.

Description of Item:

Since the introduction of the Goods and Services Tax in July 2000, Council had been required each year by the Department of Local Government, to submit a GST Audit Certificate signed by Council's Auditor.

Circular 05/26 Goods and Services Tax – Council Compliance Requirements for 2004/2005 was issued to all councils by the Department of Local Government on 8th June 2005; advising that for the 2004/2005 financial year and all future years, councils are required to supply a certificate of confirmation to the Department to ensure that voluntary GST has been paid. An audit by council's external auditor is thus not required.

A copy of the certificate of compliance is included as an attachment to this report.

Sustainability Assessment:

- **Environment**

No environmental implications for Council.

- **Social**

No social implications for Council.

- **Economic**

Broader Economic Implications

No economic implications for Council.

Management Plan Implications

This certification has no impact on the Management Plan.

Consultation:

No consultation required.

Related Policy and / or Precedents:

The Department of Local Government requires that Council is to supply a certificate of compliance, to ensure that GST has been paid.

Statutory Requirements:

Management of GST by Council is conducted in accordance with the *A New Tax System (Goods and Services Tax) Act 1999* and the subsequent regulations, determinations, rulings and advice issued by the Australian Taxation Office.

The Department of Local Government has advised that several councils have questioned the use of the term 'voluntary' used in the certificate. *Section 5 of A New Tax System (Commonwealth-State Financial Arrangements) Act 1999*, subsection 3(d) refers to "amounts of voluntary GST payments". It follows from this Act that Treasury has requested on behalf of the Taxation Office to include the term voluntary and Council has thus included this term in the GST Certificate as directed.

This certificate is to be signed by the Mayor, another Councillor, the General Manager and the Responsible Accounting Officer.

Issues:

Voluntary GST has been paid by Council for the period 1st May 2007 to 30th April 2008, on a monthly basis. For the period 1st May 2007 to 30th April 2008, Council received a net refund of \$9,545,804.00 from the Australian Taxation Office. Each Business Activity Statement was submitted by the due date, and Council did not incur any fines or penalties from the ATO relating to that period.

Adequate management arrangement and internal controls were in place to enable the Council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed. Past audits have shown a high level of internal control, with controls on data input and a reconciliation of the Business Activity Statement each month. Internal audit practices have been implemented based on the Better Practice Guidelines for Goods and Services Tax (GST) Administration issued by the Australian National Audit Office.

No GST non-compliance events by Council were identified by or raised with the Australian Taxation Office during the year.

Implementation Date / Priority:

Council is required by the Department of Local Government to supply a certificate of confirmation that GST has been paid for the period 1st May 2007 to 30th April 2008 and for all future years, by 1st June 2008.

Recommendation:

That Council approve the certification of the Goods and Services Tax Certificate for the year ended 30 April 2008; and that this resolution be used on a recurring basis for future certification to the Department of Local Government, once the Goods and Services Tax Certificate has been signed by the Mayor, Councillor, the General Manager and the Responsible Accounting Officer.

D C Allen
Director Corporate Business (Acting)

Attachments:

COUNCIL OF THE CITY OF COFFS HARBOUR

GOODS AND SERVICES TAX CERTIFICATE

Payment of Voluntary GST 1 May 2007 to 30 April 2008

To assist compliance with Section 114 of the Commonwealth Constitution, we certify that:

- Voluntary GST has been paid by Coffs Harbour City Council for the period 1 May 2007 to 30 April 2008.
- Adequate management arrangements and internal controls were in place to enable the Council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed.
- No GST non-compliance events by the Council were identified by or raised with the Australian Taxation Office.

Signed in accordance with a resolution of Council made on

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Cr Keith Rhoades
MAYOR

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Cr Ian Hogbin
COUNCILLOR

.....
Stephen Sawtell
GENERAL MANAGER

.....
Dale Allen,
Director of Corporate Business (Acting)
RESPONSIBLE ACCOUNTING OFFICER