



National
Disability
Practitioners

Business Essentials

ABNs, GST and employer
responsibilities



ndp.org.au/ndis-sole-traders

Introduction

The NDIS offers a new way of providing individualised support for people with disability, their families and their carers by giving them more choice on what supports they need, and how they are provided.

If you are providing services as a sole trader or in a private practice, it is critical to understand the essentials of operating a small business in the NDIS market.

We know that it is sometimes hard to find the information you need, so we have done the hard work for you! We have worked with accountancy and consultancy firm Nexia Australia to collate publicly available information and resources to support your sole trader journey of working with the NDIS.



Disclaimer:

The information contained in this handbook is not provided as advice or as recommendations. The information is intended as a general guide only. It does not take into account your personal circumstances and may not be relevant to you or be fully up to date. You must rely solely on your own external and independent advice.

The information provided should not take the place of information or advice available from, or provided directly by, relevant Government bodies, including the National Disability Insurance Agency (NDIA) and the NDIS Quality and Safeguards Commission (NDIS Commission). While we endeavour to keep advice up to date and correct, National Disability Practitioners (NDP), a division of National Disability Services Limited (NDS), cannot be held responsible for the accuracy of the information, or any other matter arising out of the use of the information appearing on the site.

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Australian Business Number's (ABN's) explained

An Australian Business Number (ABN) is free to acquire when you register with the Australian Business Register (ABR).

An ABN is a number used by Australian businesses to help the government and wider community identify their organisation or business. It is 11 digits long and is unique to that organisation or business. Upon registration, your ABN will be stored with the ABR.

Starting a new business may require you to get an ABN, however, not everyone is entitled to hold an ABN. The registration process will determine your eligibility to acquire an ABN. Acquiring an ABN will come with its own obligations, and you may be required to do some or all of the following:

- Register for goods and services tax (GST);
- Lodge activity statements with the Australian Taxation Office;
- Register for 'Pay As You Go' withholding;
- Meet employee superannuation contribution requirements; and
- Meet applicable state, territory and federal obligations like payroll tax, worker's compensation and any operating licences that are required.

You can register for an ABN through the Australian Business Register [website](#). The ABR website also contains information about ABN's, AUSkey and taxation obligations.

Goods and Services Tax (GST) explained

The Goods and Services Tax (GST) refers to a broad tax of 10%, applicable on the sale of most goods and services sold or provided in Australia. More information on [GST](#) can be found on the [Australian Taxation Office](#) website.

Businesses and organisations registered for GST will typically:

- Include a GST component of 10% in the price they charge for their services or goods or;
- Claim credits for the GST that they pay for goods and services they purchase for their business. More information about [claiming GST credits](#) can be found on the Australian Taxation Office website.

Businesses or other enterprises that have, or are expecting to have, a GST turnover of \$75,000 or more (\$150,000 or more, in the case of not-for-profit organisations), or providers of taxi travel or ride sharing services need to:

- Register for Goods and Services tax. GST registration can be done online via the Australian Taxation Office's [Business Portal](#), by phone at 13 28 66 or through your registered tax agent or BAS agent;
- Determine if the sale of your goods and/or services are subject to GST and include GST in the price of your goods and services (Some goods and services are exempt from GST);
- Claim GST credits for GST that you have paid on goods and services for the business; and
- Account for any GST that you may owe, and set it aside so that you can pay it when it is due.

Calculating current GST turnover and projected GST turnover

- Current GST turnover - "sum of supplies made, or likely to be made, in the current month, plus supplies made in the previous 11 months, less supplies excluded." (Australian Taxation Office, 2018)
- Projected GST turnover - "supplies made, or likely to be made, in the current month, plus supplies made, or likely to be made, in the next 11 months, less supplies excluded." (Australian Taxation Office, 2018)

Further information on GST turnover can be found at www.ato.gov.au/Business/GST/In-detail/GST-issues-registers/Financial-services---questions-and-answers/?page=75.

GST-free NDIS supports

If the conditions outlined in section 38-38 of the GST Act are met, supports and services supplied to National Disability Insurance Scheme (NDIS) participants will be GST free.

Further information about [GST-free supplies](#) can be found on the ATO website. Types of supports, services or products that may be GST free may include:

- Sale of equipment
- Hiring of equipment
- Services

The following conditions must be met for a supply to be GST free:

- **Plan is in effect**

The NDIS participant receiving the supports or services must have an active NDIS plan. An NDIS plan ceases to be effective when a new NDIS plan replaces the current NDIS plan, or when the NDIS participant is no longer a participant of the NDIS.

- **Reasonable and necessary support**

The supports and services provided to the NDIS participant must be considered reasonable and necessary as per the [National Disability Insurance Scheme Act 2013](#) and must be specified in the participant's NDIS plan.

Any supports or services of a reasonable and necessary type that are supplied over and above what is specified in an NDIS participant's plan will not be GST free.

- **Supplies made under a written agreement**

A written agreement must exist between the provider of the supports and services and the NDIS participant (or their nominee/representative).

This written agreement needs to include the NDIS participant's name as well as information about the support or service being provided (specifically, the fact that the support or service is of a reasonable and necessary kind).

The written agreement can be a single document, or a collection of documents. As long as there is written evidence of a legally binding obligation for the provider to provide the stated supports or services, the requirement of a 'written agreement' is satisfied.

- **Supplies determined in a legislative agreement**

The type of support or service provided to the NDIS participant must be of a kind that is determined in a legislative instrument responsible for disability services.

Such legislative instrument applies to any supports or services provided on or after the 1st of July 2017 but before the 1st of July 2021.

For further information, visit www.ato.gov.au/business/gst/in-detail/your-industry/gst-and-health/?page=8

Responsibilities as an employer

As an employer, it is important to manage your staff well. A key component of this is understanding the various legal obligations that you have as an employer. These obligations can come from any of the following sources:

- Federal, state and territory laws
- Industrial awards and agreements
- Tribunal decisions
- Contracts of employment (both written and verbal)

An employer has many obligations to an employee. Some of these obligations include:

- Correct and timely payment of their wages;
- Provision of accurate pay advice/pay slips;
- Reimbursement of reasonably incurred work-related costs;
- The development and maintenance of a safe work environment;
- Ensuring adequate workers compensation arrangements are in place for every employee;
- Conducting yourself in a way that ensures no staff have their reputation damaged;
- Conducting yourself in a way that ensures no staff experience mental distress or humiliation;
- Ensuring that there is no conduct that may damage the trust and confidence that is necessary in an employer-employee relationship;
- Not providing false or misleading reference;
- Ensuring timely and accurate forwarding of PAYG instalments to the Australian Taxation Office (ATO); and
- Ensuring all appropriate superannuation payments are made as per the Superannuation Guarantee Legislation.

For further information on legal obligations for employing people, visit www.business.gov.au/info/run/employ-people/employees-and-record-keeping/legal-obligations-for-employing-people.

Single Touch Payroll (STP) explained

Single Touch Payroll (STP) refers to the new way in which employers will carry out some of their reporting duties. STP commenced from the 1st of July 2018 and applies to employers with 20 or more employees.

Employers will report payments such as salaries and wages, PAYG withholding and superannuation details at the time of making such payments to employees.

Employers who have 19 or less employees will also be subject to the STP reporting method from the 1st of July 2019, provided the relevant legislation is passed in Parliament.

What are the next steps?

Single Touch Payroll is intended to streamline the payroll reporting process. It will change the way in which employees' reportable payroll information is reported to the Australian Taxation Office.

Most existing payroll software will be updated to include the necessary functions to carry out Single Touch Payroll. However, if you are using payroll software that will not include such functions, you will need to consider using a different payroll software solution.

When do I need to get ready?

No. of Employees	Required Start Date of STP Reporting
20 or more employees	Now - From 1 July 2018 In the first year of the implementation of STP, there may be a grace period in which penalties will not apply for late or incorrect payroll reporting.
19 or less employees	From the 1st of July 2019 Provided the relevant legislation is passed in Parliament.

What does Single Touch Payroll mean for me?

Reporting through Single Touch Payroll will mean that employers will send their employee payroll and superannuation information to the ATO each pay cycle.

There is no need to change your payroll cycle. Payments to employees can continue to be made weekly, fortnightly or monthly.

Payment due dates for PAYG withholding and superannuation contributions will not change, however you still have the option to make these payments earlier.

Employers may not need to provide employees with payment summaries at the end of the financial year for some of the payments that are reported through Single Touch Payroll. The Australian Taxation office will provide information through the employers MyGov account regarding this.

Reports made to the ATO through Single Touch Payroll will allow employees to view their year-to-date tax and superannuation information through their MyGov account.

How do I get ready for Single Touch Payroll?

The first step for preparing for STP will be to count the number of employees on your payroll on the 1st of April 2018. The number of employees on your payroll will consist of a self-assessment and you don't need to report the number to the ATO.

Employers should talk to their provider of payroll software and ask how and when their payroll software will be updated. Employers should also find out if there is anything they need to do on their end to prepare their software for Single Touch Payroll.

For employers planning to start using any payroll software solutions, it is recommended that you look for a software that has Single Touch Payroll functionality implemented.

How to count your employees?

Employers need count the employees they have on their payroll on the 1st of April 2018. The following employees need to be included in this count:

- Full time employees
- Part time employees
- Casual employees who are on your payroll on the 1st of April and have worked for any period during March
- Employees that are based overseas
- Any employee that is absent or on leave (both paid or unpaid leave)
- Seasonal employees

Timeline for Single Touch Payroll

- 1 April 2018 - Employers need to count the number of employees on their payroll on the 1st of April 2018.
- 1 July 2018 - Single Touch Payroll reporting commences for employers with 20 or more employees
- 1 July 2019 - Employers with 19 or less employees will start reporting through Single Touch Payroll, provided that relevant legislation is passed through Parliament.

For further www.ato.gov.au/Business/Bus/Single-Touch-Payroll---for-employers

Compliance checklist

ABN

Tax File Number (sole proprietors will use their own TFN, any other entity type requires a separate TFN)

Registration for GST (if annual revenue is greater than \$75,000)

Registration for PAYG (if paying wages)

Payment of GST and PAYG withholding to ATO (if required)

Lodgement of Business Activity Statements (BAS) or Instalment Activity Statements (IAS)

Superannuation guarantee payments (if paying wages)

Workers compensation insurance (if paying wages)

Annual tax return

Annual ASIC report and payment of ASIC fees (if trading as a company)

Annual PAYG withholding report (if paying wages)

PAYG payment summaries (if paying wages, unless Single Touch Payroll applies)

NDIS support service agreements with NDIS participants (for GST purposes).



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