

Notes on Australian Goods & Services Tax (GST) as it Applies to RI Membership Dues.

Under Australian taxation legislation clubs in Australia are liable for GST on membership dues because a service is provided in Australia (a taxable supply of membership rights).

In June 2000 Rotary International sought legal advice regarding the GST treatment of semi annual dues. In addition two officials from the Australian Taxation Office visited Rotary International Parramatta office to obtain an understanding of operations and treatment of membership dues and other receipts and payments.

The advice received was that the semi annual dues paid by Rotary Clubs to Rotary International will attract 10% GST as Rotary International is granting a taxable supply of membership rights to the clubs.

Rotary International is required to account for GST to the Australian Taxation Office on the dues. Conversely, a club will be entitled to an input tax credit for the GST paid if the club is registered for GST.

This is the case regardless of whether the club pays the dues amount to Rotary International's Parramatta office or sends the dues directly to Evanston, USA.

There is an obligation on Australian clubs to remit to RI the GST in addition to the RI prescribed per capita dues and the COL levy. The GST component will be deducted from moneys received by RI and if there is any shortfall the club's account will be debited for the shortfall; if clubs pay the correct amount inclusive of GST there is no need to debit the club's account.

The Finance Department in Parramatta office remits the GST to the Australian Taxation Office.

Even if a club remitted its semi annual dues direct to the US instead of through Parramatta office, the club still has an obligation to pay the GST on the remittance as the legislation catches such overseas remittances of membership dues for services provided in Australia. Remittances direct to the US are returned to the Parramatta office for processing in Australia.

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