

GST GAZETTE NOTICE AMENDMENT FAQ's

What is being changed?

The Limits and Exclusions on Class 4 Venue Costs Notice 2 September 2004 (the notice) has been replaced by a new Limits and Exclusions on Class 4 Venue Costs Notice 17 July 2008.

Why?

Since December 2004 the Department has clearly articulated that the limits in the notice were intended to be GST exclusive. Most societies complied with this. Some societies however, have attempted to explain non-compliance with Limit D by referring to GST. The Department acknowledges the previous notice did not state the position of GST as clearly as it could have. The recent Departmental/Sector Venue Costs Working Party recommended clarifying the GST issue with amendments. The change will ensure a consistent, informed approach to comply with the limits in the notice.

What are the changes?

A copy of the new notice is linked to this webpage. The major changes are that:

- a) It is made explicit that the Limits A-C are 'GST exclusive'
- b) Limit D is reworded to make it clear the calculation of Limit D excludes GST.

When does this take effect?

The new notice takes effect from 18 July 2008. The Department expects immediate compliance with the new notice beginning on 18 July 2008. In the case of Limit D, this means for any 12 month period beginning on or after 18 July 2008.

The few societies not already calculating venue costs on a GST exclusive basis have had at least three months warning of the Department's intention to clarify the notice. The Department's letter to all non-club societies of 18 April 2008 gave notice that we expected immediate compliance upon gazetting. It is important the sector treats GST consistently.

Will the Department apply this Gazette notice retrospectively?

The new notice is for compliance on or after 18 July 2008. It will not be applied retrospectively. However, the new notice does not preclude the Department from considering societies' compliance with the previous notice.

Will this mean reduced expense payments for venues?

Most societies already comply with the Department's intention regarding GST. Some societies making inappropriate venue payments may be affected. They will need to alter their treatment of venue expenses immediately.

What about any other outcomes of the Venue Expenses Working Party process?

In the Department's view, the GST amendment is a one-off, designed to clarify a specific ambiguity and ensure consistency in the sector. Other issues with venue expenses and the notice have been canvassed extensively as part of the Venue Costs Working Party and are being progressed by the Department.

But what about other issues with Limit D?

The intention of Limit D is to curtail inflated venue expenses claims so that community returns are maximised.

Some critics have claimed that the limit is unworkable and will lead to a dramatic reduction in Class 4 venues. The Department notes there is no robust evidence for these concerns. Further, the Department believes that a proper application of Limit D and appropriate management of a society's portfolio, are core components for its workability. It urges societies to manage their portfolios appropriately and within the law.

In the absence of compelling evidence to the contrary, Limit D remains an appropriate control to manage venue expenses and ensure that returns to the community are maximised. The Department will take action against societies that do not comply with the limit, or who engage in unlawful competition or inappropriate practices in relation to venue expenses.

What action will the Department take against breaches of this notice?

The Department will assess compliance with this notice on a case by case basis. Breaches can attract a range of sanctions from formal warning to suspension or cancellation of a relevant licence.