



September 2018

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Have you had a change in creditable purpose for GST reporting purposes?

Sometimes your business may end up using an asset you purchased, such as a property for example, in a way that is different to what you had originally planned.

It pays to remember that if you claimed GST credits for assets that have had their intended use change from that originally planned, you need to report adjustments for this change in creditable purpose in your activity statement.

For example, if you constructed new residential premises to sell, but then rent it out, you will be required to make an increasing adjustment on your BAS. This will be required even if you still market the property for sale. You may also need to make an adjustment if you use the property for private purposes.

Adjustments are required for changes in creditable purpose because the GST credit originally claimed will either have been too much or too little.

Generally an adjustment will not be needed for a change in creditable purpose if:

- the value of the purchase or importation was \$1,000 (GST-exclusive) or less

- the value of the purchase or importation related to business finance was \$10,000 (GST-exclusive) or less.

Adjustment periods

“Adjustment periods” are the reporting periods in which you have to account for any adjustments in an activity statement. An adjustment period for a purchase or importation is a reporting period that both:

- starts at least 12 months after the end of the reporting period you claimed a GST credit in (or would have claimed had the purchase or importation been creditable), and
- ends on 30 June (or, if none of your reporting periods end on 30 June, the reporting period that ends closest to 30 June).

The maximum number of adjustment periods in which you can make adjustments depends on the value of the purchase or importation, and also upon the nature of them (see tables below).

If you cancel your GST registration, your final reporting period is also an adjustment period for purchases and importations.

Adjustment periods for most purchases and importations

Value of the purchase or importation (GST-exclusive)	Number of adjustment periods
\$1,001 to \$5,000	2
\$5,001 to \$499,999	5
\$500,000 or more	10

Adjustment periods for purchases or importations that relate to business finance

Value of the purchase or importation (GST-exclusive)	Number of adjustment periods
\$10,001 to \$50,000	1
\$50,001 to \$499,999	5
\$500,000 or more	10

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