

17 February 2017

Australian Taxation Office

Via email: martyn.lyons@ato.gov.au

Re: GST and Home Care & GST and Residential Care Consultation Papers

Dear Mr Lyons,

Thank you for the opportunity to comment on the *GST and Home Care and GST and Residential Care Consultation Papers*.

Leading Age Services Australia (LASA) is the national peak body representing providers of age services across residential care, home care and retirement living. We represent our Members by advocating their views on issues of importance and we support our Members by providing information, services and events that improve their performance and sustainability. Our vision is to create a high performing, respected, sustainable aged services industry delivering affordable, accessible, quality care and services for older Australians.

The purpose of this consultation is to seek industry feedback on the draft material written by the ATO, which, when finalised, will be available to provide guidance to providers on identifying which residential and home care services are GST-free and to understand how the GST applies to subcontracting arrangements.

GST and Residential Care

Does the draft guidance assist residential care service providers to understand and comply with their GST obligations?

The feedback LASA has received indicates the guidance material provided in the consultation document is fairly comprehensive and the use of subheadings and dot points makes it easier to read. One LASA Member organisation utilised the information given to apply it to a specific situation as their own 'case study' and managed to successfully navigate the guidelines to determine whether the service would be subject to GST.

Are there any other factors or impacts that we need to consider?

LASA has received feedback that efforts need to be made to ensure it as easy as possible for aged care providers to access/be informed on any future changes related to this guidance information. This may include contacting providers directly to illustrate any changes of

significance or potentially collaborating with the Department of Health to provide updates through their existing communication channels.

LASA Members have indicated their support for the use of factual, plain English in explaining the regulations to aged care providers.

GST and Home Care

Does the draft guidance assist home care service providers to understand and comply with their GST obligations?

The feedback LASA has received suggests the information made available through the guidance material be informative. However, it does appear targeted towards new providers and does not appear to have any changes of note since the introduction of Consumer Directed Care (CDC).

Are there any other factors or impacts that we need to consider?

LASA has received some suggestions on how the information could be expanded to assist in providing guidance, these are as follows:

- Recognition of revenue for GST purposes around the invoicing of clients for client contributions to the home care package (the package) and income tested fees.
 - Usually revenue is recognised on invoice however, in relation to the package would revenue be recognised upon the supply of home care?
- CDC brings choice to clients. If a client was to purchase an item/service that could be funded within their package themselves that is GST applicable generally, but is GST free when supplied under a home care package, i.e. home modification, and the client gets reimbursed for the payment of the item/service from the home care provider.
 - Is the home care provider able to reimburse the full GST inc. amount to the client and claim the GST for the reimbursement and only charge the GST free portion to the client's home care package?
 - Is the home care provider able to reimburse the full GST inc. amount to the client but is not eligible to claim the GST as the invoice is not in the provider's name and the provider should charge the GST inclusive price to the home care package?
 - Is the home care provider only able to reimburse the GST exclusive amount to the client, and pass on the GST exc. amount to the home care package as they are not eligible to claim the GST as the invoice is not in the provider's name?
- Example: goods cost \$110 to the client (GST inc.) and they get reimbursed the \$110 from the provider.

- Should the provider reimburse the full \$110, claim the GST and charge \$100 to the package?
- Should the provider reimburse the full \$110, not claim the GST and charge \$110 to the package?
- Should the provider only reimburse \$100 (the GST exc. amount) and charge \$100 to the package?

LASA echoes Grant Thornton's concerns that the guidance material is silent on whether exit amounts, as being introduced on 27 February, and administration fees are to be considered as part of the care planning or case management services and therefore be GST free.

Whilst LASA recognises this consultation process is specifically focussed on whether the guidance material is adequate for the purposes of the industry, LASA refers the ATO to our comments on the fact sheets from February 2016 (Appendix A **to be inserted**). This document highlights concerns regarding the characterisation of services as GST free verses taxable services and the complexities relating to the contractual arrangements.

Thank you again for the opportunity to provide feedback on the *GST and Home Care and GST and Residential Care Consultation Papers*. Should you have any questions regarding this submission, please do not hesitate to contact Rebecca Storen, LASA Policy Officer, on 02 6230 1676.

Yours sincerely,

Sean Rooney

CEO

Leading Age Services Australia