



Australian Government

# A U S T R A L I A N A P P R E N T I C E S H I P S

Your Life. Your Career. Your Future.

## Tools For Your Trade



### Tax information on the Tools For Your Trade Initiative

#### What about GST?

*Do you have to pay tax on the tool kit?*

- You cannot claim an input tax credit for the tool kit.
- There will be no net income tax impost on you.
- There is no requirement for special records to be kept to account for the tool kit. You'll need to keep the same records as you would for any other capital items you have purchased for your business.

# Tools For Your Trade

*It's simple*

## • GST

The Tax Office has advised that employers will not be able to claim an input tax credit for the purchase of the tool kit on their business activity statement (BAS).

## • Income tax

The Tax Office has advised that there will be no net income tax impost on you.

When you use the voucher to purchase the tool kits, the amount you use will be treated as assessable income.

However, tool kits purchased under the Tools For Your Trade initiative should be treated as capital expenditure for income tax purposes. Which means that you will be able to claim a decline in value (depreciation) against the cost of the tool kit for the six months it belongs to you.

At the end of the six months, when the ownership of the tool kit passes to the Australian Apprentice, there will be a balancing adjustment event.

As the tax circumstances differ among employers, employers are urged to discuss the tax outcomes of the balancing adjustment event with their accountant.

If your Australian Apprentice leaves before completing the six months, ownership will remain with you. In such a case, you will continue to claim the decline in value (depreciation) on the tool kit.

## • Records

You'll need to keep the same records as you would for any other capital items you have purchased for your business. For information on the tax treatment of the Tools For Your Trade initiative you can:

- visit the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au);
- phone the ATO on 13 28 66; or
- contact your tax adviser.