

# GST Impact on Legal Services

by Ian McAuley

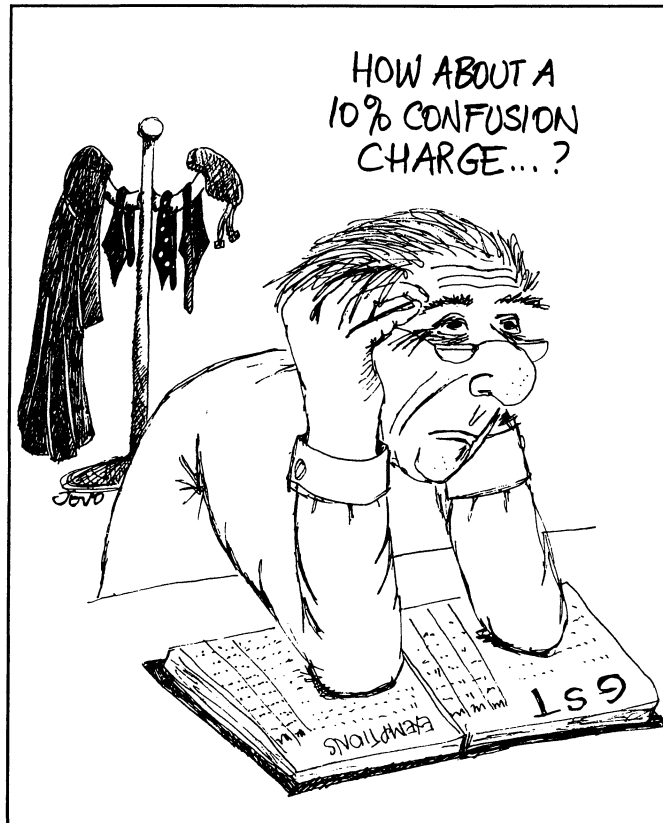
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The situation of legal aid commissions is not clear. There are three possible situations:

- (1) They are treated as government business enterprises, and are liable for full taxation, in which case the analysis above (8.1%) would hold. This would require some means of invoicing, on a funder/provider split. While this is not now the practice, governments, particularly the commonwealth, is moving away from block grant funding towards fee-for-service contracts.
- (2) They are exempt from GST, which means they have to pay taxes on their inputs, with no credits for taxes paid on outputs. This would raise their costs by about 1.9% in accordance with this analysis.
- (3) They are zero related, in which case there is an unconditional credit on input taxes paid, and not output tax. That would represent no change - in

fact, possibly, a small cost decrease

Government documentation states that legal aid would be "GST-Free" - an undefined term which appears many times in the tax documentation. It is not clear whether this means legal aid commission would be exempt or zero-rated. Clearly zero-rating is preferable to exemption.



## New Software streamlines Document - delivery for law firms

National Transport Service has developed an interactive courier booking and information system using the Internet as its key platform.

The new system, called NetSHUTTLE, is particularly suited to the legal profession which is a high consumer of courier/delivery services for sensitive and important documents. The system automatically tracks and notifies the customer of the job's progress and delivery, removing the uncertainty of its whereabouts.

NetSHUTTLE is significantly different from similar systems currently available as it is LAN based and will operate on Windows 3.11 and up and NT. It can be used by legal firms of any size.

As the progress of each job is flashed up on the customer's screen (pick up,

delivery), NetSHUTTLE removes the necessity of having to phone the courier company, in turn wait for the company to contact the driver, in order to check the status of the delivery. The system frees up staff, increases productivity and reduces telephone expenses. It also allows for booking statistics to be exported to a spreadsheet for comparison of monthly accounts to aid reconciliation.

NetSHUTTLE developer, James Taylor, said the increasing use of electronic-commerce and the growing number of firms using the Internet to conduct business means that NetSHUTTLE will become an essential business tool. 'At the moment, one courier company is doing 20% of its \$15 million turnover via NetSHUTTLE, making it an invaluable e-commerce application.

The NetSHUTTLE software is provided free either on disk or downloading from the Internet. The user is charged a normal courier fee per job.

NetSHUTTLE is an Australian innovation and the only one of its kind in the world. IBM which is a business partner of National Transport Services, is supporting and installing NetSHUTTLE nationally as an approved product.

For further information:

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