

Ubiquity and the GST



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Despite the Prime Minister's recent assurances that all will be sunshine and roses with the GST after 1 July 2000 there are still many implementation issues for our sector to be resolved. One of these is the voucher system for interlending and document delivery. On the brighter side, the sector has the opportunity to participate in the campaign for the promotion of books, reading and literacy component of the Book Industry Assistance Plan.

The Association will continue to operate the voucher system for the benefit of the sector following the introduction of the GST on 1 July 2000. A number of organisations have been advised by their finance sections that under the New Tax System they will be required to operate an invoice and cash payment system rather than use ALIA inter-library loan vouchers, we believe that it is possible for libraries to continue to use vouchers for payment after 1 July 2000. In early April we will be writing to each Institutional and Voucher member with suggestions for record keeping and reporting to assist them in setting up a system to use the vouchers and meet GST requirements.

After 1 July 2000 a ten per cent GST will be payable to ALIA (the supplier) on the handling fee for the issue of voucherst. It is important to remember that when purchasing the voucher from ALIA you are purchasing currency and this is why GST is only paid on the service of issuing the vouchers to you. However, when the voucher is used to pay for a service, that is an inter-library loan, it is the value of the service (supply) which attracts GST. The voucher will be redeemed from ALIA for its full face (currency) value. Every voucher in circulation is guaranteed by the Association to be redeemed at full face value.

The GST will normally apply to each inter-library loan transaction. As long as the service provided is not considered a GST-free supply, the supplier will be required to charge GST on the value of the supply and to generate a tax invoice/receipt. For example, assume Library 1 purchases copying services to the value of \$12 from Library 2. Library 2 will be required to charge Library 1 \$13.20, being \$12 plus ten per cent GST. Library 1 will pay for the service with vouchers to the value of \$13.20. Library 2 will remit \$1.20 to the ATO through its Business Activity Statement. Library 1 will be entitled to an input tax credit of \$1.20.

Inter-library loan vouchers are currently available in \$1, \$3, \$6, \$9 and \$12 denomi-

nations. For the purpose of handling the GST component ALIA will have available for purchase new vouchers which *include* the GST for use after 1 July 2000. ALIA will also have available for purchase vouchers for the GST component only, to add to those vouchers currently in circulation. Before printing the new vouchers we will be seeking the agreement on interlending and document delivery charges so that the correct denominations can be provided.

The application of the GST to contra deal inter-library loan arrangements is not yet clear and we are seeking further information and clarification on behalf of our members. Technically inter-library lending is a taxable service, even if it is provided free of charge. This is because the assumption is that the receiving library will reciprocate and provide a service of similar value at some time. So even though the inter-library loan is not paid for, the GST may still need to be accounted for. Further, the tax treatment for contra arrangements between libraries within the same organisation such as branches or divisions may be different (that is not taxable) to that for contra arrangements between libraries in different organisations.

Booksellers, authors, publishers, the printing industry, the library sector and literacy and education groups fought hard against a GST on books. In response to that opposition the Commonwealth Government has allocated \$8 million (\$2 million a year) to a campaign 'to promote the intrinsic value of books, reading and literacy (particularly for children) and the books of Australian writers' as part of its Book Industry Assistance Plan. The Australia Council has responsibility for the development of the campaign and has established a Reference Group with representation from the national booksellers, authors, publishers, and literacy educators associations, ALIA, CASL, the Children's Book Council and government.

At the first meeting the following overall objectives or principles for the four-year campaign were discussed and agreed:

- Awareness of and integration with other elements of the Book Industry Assistance Plan, particularly Education Lending Rights (ELR) payments to authors, primary school libraries purchases and book industry statistics.
- Development of new readership ('growing the market') while maintaining current readership.
- Equity of access to reading and books, par-

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ticularly among groups (for example boys and lower socio-economic groups) identified as reluctant readers and/or having lower literacy rates.

- Utilise local booksellers as a community-based literacy/educational resource through their activities in schools and libraries.
- Consider long-term benefits and health of the industry as a whole.
- Sustainability and potential for self-funding beyond the four-year campaign.
- Maximise existing industry alliances and establish alliances with other media — TV, radio and magazines.
- Take account of increasing detriment to book industry from sales through overseas internet booksellers.
- Build on or adapt successful promotional strategies from overseas that can be used in the domestic market.

Four major components were agreed on:

- promotional components that produce beneficial results for the book industry in the short-term and that could be implemented in the short-term, based on successful overseas promotions;
- promotional components that produce long-term results, which would continue beyond the four-year campaign;
- a nationally significant and commercially-based gateway website to promote reading, books and book sales, with links to existing cultural and commercial websites; and
- qualitative research on reading and book-buying/book-borrowing habits (as distinct from quantitative/statistical analysis).

With so much expertise within our membership the campaign promises enormous scope for our future involvement and great opportunities for collaborating with the other representative groups. ■

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