

GST Information Sheet #4 **for GST-registered system owners**



**Green Energy
Trading**

How to invoice Green Energy Trading if you are a GST registered system owner

Introduction

Congratulations on your decision to install renewable energy generation or energy efficient products in your business. We expect you will enjoy substantial environmental and financial benefits for many years to come.

To encourage businesses, like yours, to make sustainable choices, the federal, Victorian and New South Wales governments administer environmental schemes. These schemes enable businesses and individuals to access a financial benefit and reduce the upfront cost of their installation. The financial benefit (which comes in the form of environmental certificates) is calculated based on the amount of energy the new system will generate – or save – over the life of the asset.

Since 2007, Green Energy Trading has been helping businesses unlock the value of these initiatives by facilitating the somewhat complicated process of environmental certificate creation. It is on this basis that we ask for your assistance now, to ensure that the GST requirements associated with your purchase are handled in a compliant way.

GST treatment

The correct treatment of GST on environmental certificate supplies is easy to understand when the following principle is understood:

In a standard installation, there are two separate and distinct transactions taking place:

- Your *supplier* is selling the PV, hot water, heating or lighting system to *your business*; and
- Your *business* is selling the right to create environmental certificates to *Green Energy Trading* (the registered agent) – enabling you to access the financial benefit.

Commonly, your supplier will deduct the value of the environmental certificates from your invoice to reduce your upfront cost. Though often known as a 'point of sale discount', this is actually just another form of payment from your business to the system supplier, facilitated by Green Energy Trading.

It is for this reason that we require a tax invoice from your business for the GST-inclusive value of the certificates, as advised by your system supplier.

The Australian Tax Office considers your sale of the right to create environmental certificates to be a taxable supply, and will expect you to remit 1/11th of the total in your Business Activity Statement. Don't worry, your system supplier will reduce your price by the GST-inclusive amount of this invoice to ensure you are not out of pocket.

Where the system owner (i.e. your business) is registered for GST, Green Energy Trading is unable to create and purchase environmental certificates until your tax invoice is received.

Tax invoice requirements

Your tax invoice should:

- meet the standard tax invoice requirements of the Australian Taxation Office.

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Part of the Green Energy Group

- be addressed to: **Green Energy Trading Pty Ltd, G.02 109 Burwood Rd, Hawthorn 3122.**
- clearly state that payment is to be made to your system supplier (you have already been 'paid' for this invoice, via an upfront deduction on your system purchase).

*Please note: whilst you are issuing an invoice to Green Energy Trading, we are not a conventional debtor and no credit is being extended to us. This being the case, you may find it easiest to invoice us under a 'cash sales' or similar account. We are unable to provide the trade references or Director's guarantees which are often requested in a *trading* account application.

Example of compliant tax invoice

Tax invoice	
Yourbiz Manufacturing Pty Ltd ABN: 32 123 456 789	15 Solar Street Brightville VIC 3122
Date:	1 August, 2013
To:	Green Energy Trading 109 Burwood Avenue Hawthorn VIC 3122
Description of supply	Total
84 x Environmental Certificates	\$3,024.00
GST	\$302.40
Total price including GST	\$3,326.40
<i>Please pay to A1 Solar Pty Ltd</i>	

For further information

- call us: 03 9805 0700 or 1300 077 784
- visit our website: www.greenenergytrading.com.au
- Read the Australian Taxation Office's fact sheet: <http://www.ato.gov.au/Business/GST/In-detail/Your-industry/Other-industries/GST-and-the-small-scale-renewable-energy-scheme/>
- View the Rec Agent's Association's compliant examples: <http://www.recagents.asn.au/raa-briefing-paper-on-gst-for-environmental-certificates/>

The following information is based on the most up-to-date information available to Green Energy Trading and is of a general nature. As such, it may not be appropriate for your specific situation, and you should always seek advice from your taxation specialist. Whilst we make every effort to ensure that the information on this fact sheet is accurate and complete we do not accept any liability arising from any inaccuracy or omission in any of the information herein, or any liability arising in respect of information provided by us or any other person.