

## Court decision to result in GST refunds within 14 days



**Leading commercial law firm, Mills Oakley, has successfully represented importer/exporter, Multiflex Pty Ltd in a court decision that will have a fundamental impact on GST registered Australian businesses.**

On Friday 30 September, the Federal Court ruled that taxpayers registered for GST could expect all GST refunds claimed in their Business Activity Statements to be paid within 14 days of lodgement.

The ruling arose from Multiflex Pty Ltd v Commissioner of Taxation, in which Multiflex had argued against a decision by the Australian Tax Office to withhold GST refunds to Multiflex on the basis that it was undertaking an audit of the company.

Multiflex had claimed GST refunds amounting to more than \$900,000 in its BAS for the period January to May 2011, in relation to overseas sales that constituted GST free exports.

At trial, the ATO did not contest the figures claimed in the BAS lodged by Multiflex but contended there was an implied proviso in the GST Act that the ATO was not obligated to pay GST refunds to a taxpayer until a “reasonable time” had elapsed.

Justice Jessup held that a “reasonable time” was a period which would facilitate the making of the payment as a matter of administration, but should not encompass the time required to investigate the accuracy of the BAS.

Mills Oakley Commercial Litigation Partner, James Tobin says the decision is significant for Australian companies.

“It means that subject to an appeal by the ATO, taxpayers registered for GST can now expect all GST refunds as claimed in their BAS to be made within 14 days of lodgement.”

Added James: “This is a major win for GST registered businesses, who rely on cash flow”.