

GETTING PAID FASTER BY THE ATO: THE POWER OF MONTHLY GST LODGEMENTS

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For many small and medium businesses, GST is often treated as a compliance task—something to be reported and paid with minimal attention beyond deadlines. However, the Australian GST system provides a practical opportunity to actively manage cash flow, particularly for businesses that operate on a cash basis and choose to report monthly rather than quarterly or annually. When used deliberately, this structure becomes a subtle but effective financial management tool.

Under the cash method of accounting, a business remits GST to the ATO when customer payments are received and claims GST credits when supplier payments are made. For businesses with consistent cash inflows—such as medical practices, retail operations, and service providers that receive upfront payments—this approach closely reflects real cash movement. Because tax obligations follow actual cash receipts, there is minimal disconnect between profitability and available funds, reducing the risk of cash flow pressure.

Monthly GST reporting strengthens this alignment by smoothing tax obligations throughout the year. Instead of accumulating GST liabilities over a three-month period, the business makes smaller, more frequent payments. This reduces the risk of large, unexpected BAS bills and creates a more stable cash flow pattern. GST effectively becomes a regular operating expense rather than a periodic financial shock.

A further advantage of monthly reporting is the discipline it creates. More frequent BAS lodgements require ongoing attention to bookkeeping, ensuring revenue, expenses, and tax positions are monitored consistently. This encourages stronger financial awareness and allows issues to be identified earlier, rather than being discovered at the end of a quarter.



GST-Free Businesses and Faster Refunds

Cash-based businesses particularly benefit because income is typically received immediately through point-of-sale transactions, service fees, or customer deposits. In this environment, quarterly reporting offers limited advantage, as it merely delays GST payments without improving flexibility. Monthly reporting ensures obligations are cleared progressively, preventing the buildup of liabilities that may otherwise be absorbed into working capital.

An important additional benefit arises for GST-free service providers, such as healthcare and education businesses. While these businesses do not charge GST on income, they often incur GST on expenses, placing them in a net refund position. Monthly reporting accelerates access to these refunds, improving cash flow by returning funds from the ATO more frequently.

Managing Cashflow Without the Tax Shock

While monthly reporting requires more frequent BAS lodgement, modern accounting systems have significantly reduced the administrative burden. Overall, the combination of cash accounting and monthly GST reporting suits businesses with low debtor days, strong upfront payments, deposit-based income, or GST-free revenue structures. It transforms GST from a periodic obligation into a predictable, evenly distributed part of cash flow management—and in some cases, into a regular source of liquidity.

Rather than asking your accountant which GST cycle is simplest, businesses should consider which one gives them the most control. For many cash-based and GST-free service businesses, moving to monthly reporting is not just a compliance choice—it is a strategic decision that promotes stability, improves cash flow timing, and provides a clearer, more accurate view of financial reality.