

Calculating GST

For the 12.5% rate, the GST component of a GST-inclusive amount can be calculated by dividing by 9.

For the 15% rate, the GST component will need to be calculated by either multiplying the GST-inclusive amount by the fraction $\frac{3}{23}$. Instead of using the $\frac{3}{23}$ fraction you can also divide the GST-inclusive amount by 7.66 recurring to calculate the GST component.

Multiplying by the fraction $\frac{3}{23}$

The fraction method is calculated using the following formula:

$$\frac{\text{Rate of tax}}{100 + \text{rate of tax}} = \frac{15\%}{100 + 15} = \frac{15\%}{115} = \frac{3}{23}$$

To find out the GST component of a GST-**exclusive** amount, multiply the GST-exclusive amount by 15%.

Example

Value of goods	\$1,500.00
GST at 15%	\$225.00
Total price	\$1,725.00

To calculate the GST component of a GST-**inclusive** amount, multiply the GST-inclusive figure by 3, then divide by 23.

Using the example above:

Step 1: \$1,725.00 multiplied by 3 is \$5,175

Step 2: \$5,175 divided by 23 is \$225.00 (the amount of GST).

Note

You can also calculate the GST component by dividing the GST-inclusive price by 7.66666666. However you must use at least 8 decimal places to calculate the correct GST component as using fewer decimal places can result in an incorrect answer.

Using the fraction method (multiply by 3 and then dividing by 23) will always provide you with an accurate answer.