



Goods and Services Tax: Waiver of Adjustment Note Requirement (Corporate Card Statements) Legislative Instrument (No.1) 2008

I, Shane Reardon, make the following determination under subsection 29-20(3) of the *A New Tax System (Goods and Services Tax) Act 1999*:

1. Citation

This legislative instrument is the *Goods and Services Tax: Waiver of Adjustment Note Requirement (Corporate Card Statements) Legislative Instrument (No. 1) 2008*.

2. Commencement and application

- (1) This legislative instrument commences on 1 October 2008.
- (2) This legislative instrument applies to net amounts for tax periods that start on or after 1 October 2008.

3. Revocation of previous instruments

The following legislative instruments are revoked on the commencement of this legislative instrument, and therefore do not apply to the net amounts for tax periods to which this instrument applies:

- (a) F2005B01943 - *A New Tax System (Goods and Services Tax) Waiver of Adjustment Note Requirement Determination (No. 2) 2004 - Business Travel Account Holder of American Express International Inc;*
- (b) F2005B01949 - *A New Tax System (Goods and Services Tax) Waiver of Adjustment Note Requirement Determination (No. 3) 2004 - Corporate Purchasing Account Holder of American Express International Inc;*
- (c) F2005B01950 - *A New Tax System (Goods and Services Tax) Waiver of Adjustment Note Requirement Determination (No. 4) 2004 - Corporate Card members of American Express International Inc;*
- (d) F2005B01970 - *A New Tax System (Goods and Services Tax) Waiver of Adjustment Note Requirement Determination (No. 5) 2004 - American Express International Inc. KR 1025 Electronic Data Feed;*
and
- (e) F2005B01971 - *A New Tax System (Goods and Services Tax) Waiver of Adjustment Note Requirement Determination (No. 6) 2004 - American Express Australia Limited.*

4. Definitions

- (1) The following expressions are defined for the purposes of this legislative instrument:

Acquirer is an entity that signs a merchant and is responsible for settlement to the merchant in respect of card transactions acquired from that merchant.

Cardholder is the registered entity that is a corporate holder of the corporate card.

Corporate card is a card, or an account (where no physical card is issued), that is issued to and in the name of an entity and is used to purchase goods and services for commercial purposes.

Corporate card provider is:

- (a) any of the following entities:
 - (i) American Express Australia Limited;
 - (ii) Cabcharge Australia Limited;
 - (iii) Custom Fleet Pty Ltd;
 - (iv) Custom Service Leasing Pty Ltd;
 - (v) Diners Club Pty Limited;
 - (vi) Entities that issue Visa corporate cards;
 - (vii) Lufthansa AirPlus Servicekarten GmbH (Airplus International);
 - (viii) Mining & Construction Card Company Pty Ltd;
 - (ix) Qantas Airways Limited; or
- (b) an entity authorised by an entity listed above in paragraph (a) to provide their corporate card products.

Corporate card statement is a statement of liability that is issued by a corporate card provider to one of its cardholders. It includes electronic data files of transactions that are provided periodically or on demand.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

Mixed transaction supplier is a supplier who has indicated on a signed statement (referred to in clause 9) that they provide taxable supplies as well as GST-free and/or input taxed supplies.

Supplier includes an agent through whom the supplier makes a supply.

- (2) Other expressions in this legislative instrument have the same meaning as in the GST Act.

5. Relief from requirement to hold an adjustment note

For the purposes of attributing a decreasing adjustment (arising from an adjustment event in respect of an acquisition) to a tax period, a cardholder is not required (under subsection 29-20(3) of the GST Act) to hold an adjustment note for the decreasing adjustment if the requirements provided by this instrument are satisfied.

6. Requirements for relief from holding an adjustment note

- (1) At the time the cardholder gives its GST return/Business Activity Statement for the tax period to the Commissioner:

- (a) the cardholder must hold a corporate card statement that records the decreasing adjustment and meets the corporate card statement information requirements set out in clause 7;
 - (b) the cardholder must meet all the requirements of clause 12; and
 - (c) clause 13 must not require the cardholder to hold an adjustment note in relation to the decreasing adjustment.
- (2) For the corporate card statement referred to in subclause 6(1), the corporate card provider must:
- (a) meet the accuracy requirements set out in clause 11; and either
 - (b) have in place an accurate method of obtaining or calculating the transaction information specified in paragraph 7(e), or
 - (c) use the signed statement method in accordance with clause 8.

7. Corporate card statement information requirements

The corporate card statement must include:

- (a) the date of issue of the corporate card statement;
- (b) the name of the cardholder;
- (c) the name(s) of the person(s) or department(s) that uses the corporate card to purchase the creditable acquisition to which the adjustment relates, or in the case of fuel cards, the vehicle identifier;
- (d) the address or ABN of the cardholder;
- (e) for the particular decreasing adjustment:
 - (i) the date the adjustment event occurred;
 - (ii) the name of the supplier, or driver ID for a supply of taxi travel;
 - (iii) the ABN of the supplier;
 - (iv) the Branch Registration Number of the supplier (where applicable);
 - (v) a brief explanation of the reason for the adjustment or, if that is not available, a description of the supplier's industry;
 - (vi) the amount of the adjustment to the GST payable, or a statement to the effect that the difference in the price of the taxable supply includes GST; and
 - (vii) the difference in the price of the supply before and after the adjustment event.

8. Use of *signed statements* for obtaining transaction information

Where the method in paragraph 6(2)(b) does not result in the correct amount of the adjustment to the GST payable for adjustment events occurring for a particular supplier, the corporate card provider/acquirer may, in relation to that supplier, use the *signed statement method* in clause 10, provided:

- (a) the requirements of paragraph 6(2)(b) are otherwise satisfied; and
- (b) the requirements in clause 9 are satisfied.

9. Requirements for using the signed statement method

- (1) To use the signed statement method the corporate card provider/acquirer must have a signed statement from each supplier that:
 - (a) states the ABN and Branch Registration Number (where applicable) of the supplier;
 - (b) states the supplier is registered for GST;
 - (c) states the type of supplies (i.e. taxable, GST-free and/or input taxed supplies) made by the supplier, and for which the corporate card is accepted as payment;
 - (d) where the supplier only makes taxable supplies – states whether or not GST is calculated at 1/11th of the price for all the taxable supplies made by the supplier; and
 - (e) provides the corporate card provider/acquirer with an undertaking the corporate card provider/acquirer will be notified when the supplier:
 - (i) ceases to be registered for GST; or
 - (ii) ceases to make only taxable supplies where the GST is calculated at 1/11th of the price.
- (2) The corporate card provider/acquirer must retain the signed statement for at least 5 years after the supplier ceases their association with the corporate card provider/acquirer.

10. Calculating the adjustment or the estimated adjustment to GST payable using the signed statement method

The *signed statement method* for calculating the amount of an adjustment or an estimated adjustment to the GST payable is as follows:

- (a) for an adjustment to the GST payable – where the supplier has indicated on the signed statement that the supplier only makes taxable supplies where the GST is 1/11th of the price, the corporate card provider/acquirer may calculate the amount of the adjustment to the GST payable as 1/11th of the change in price;
- (b) for an estimated adjustment to the GST payable – where a supplier has indicated on the signed statement that the supplier makes taxable supplies where GST may not be 1/11th of the price, or the supplier is a mixed transaction supplier, the corporate card provider/acquirer may calculate the estimated adjustment amount as 1/11th of the change in price of the relevant transaction if:
 - (i) the corporate card provider/acquirer indicates the estimated adjustment amount for this transaction must be verified;
 - (ii) the corporate card provider/acquirer advises the cardholder to obtain an adjustment note before attributing a decreasing adjustment to a tax period (if required by subsection 29-20(3) of the GST Act); and
 - (iii) at least one of the requirements in subparagraphs 10(b)(i) and 10(b)(ii) is prominently displayed on the corporate card statement.

11. Accuracy requirements for corporate card statements

- (1) A corporate card statement must not display the amount of an adjustment or estimated adjustment to the GST payable for a transaction where:
 - (a) the corporate card provider/acquirer has obtained information that the relevant supplier is not registered, or ceases to be registered for GST; or
 - (b) the supplier has not provided their ABN.
- (2) Where the corporate card provider has reason to consider any information set out in paragraph 7(e), or an estimated adjustment to the GST payable (referred to in clause 10) is not accurate, the corporate card provider/acquirer must not include that information on the corporate card statement.

12. Cardholder requirements

The cardholder must have in place:

- (a) an effectively regulated corporate policy (that includes the retention of documentary evidence) for determining the amount of decreasing adjustments relating to acquisitions made on the corporate card that are wholly or partly of a private or domestic nature; and
- (b) an effectively regulated corporate policy that ensures the adjustment note and the corporate card statement are not incorrectly used to claim decreasing adjustments more than once for an adjustment event.

13. Situations where an adjustment note is still required

The cardholder must hold an adjustment note before attributing (if required by subsection 29-20(3) of the GST Act) a decreasing adjustment recorded on a corporate card statement where:

- (a) the corporate card statement indicates that the adjustment relates to a supply that may be a taxable supply where GST is not 1/11th of the price, or the supplier is a mixed transaction supplier; or
- (b) there is an error on the corporate card statement in relation to that decreasing adjustment.

Dated this 27th day of August 2008

Shane Reardon
Deputy Commissioner of Taxation