ATO RECEIVABLES POLICY

PART B The Collection of Taxation Debts

Chapter 34
COLLECTION OF GST – SPECIAL RULES

The policy in this chapter is to be followed by Tax Office staff. We have made every effort to ensure it is technically accurate, but in the interests of clarity it has been written in 'plain English' and should not be read or interpreted like legislation. If you feel that something in the chapter is wrong or misleading, please advise the Tax Office.

Date of effect: 24 July 2008 (This version replaces the 2006 version.)

Key legislation: *A New Tax System (Goods and Services Tax) Act 1999*, *Fuel Tax Act 2006, Taxation Administration Act 1953, A New Tax System (Wine Equalisation Tax) Act 1999*

PURPOSE

1. This chapter explains how special rules apply in particular circumstances for goods and services tax (GST) purposes and the impact of those rules on the collection of GST debts.
2. This chapter also considers the application of these special rules to fuel tax law and the impact of the rules on the collection of amounts owing under the fuel tax law.
3. This chapter also details the policy relating to collection from associated producers of excess claims of producer rebates under the wine equalisation tax law.

INTRODUCTION

4. Below is an outline of the special rules relating to how entities are treated for GST purposes.

GST groups

5. Entities, including companies, partnerships, trusts and individuals often operate as a group, making supplies to and acquiring things from other members of the group. Entities which meet the membership tests may apply to be treated as a GST group to reduce administrative and compliance costs.
6. Two or more companies within a 90% owned group may apply for approval to be treated as a GST group. Individuals, partnerships and trusts may be members of GST groups if they satisfy the membership requirements specified in section 48-10 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) and as specified in the A New Tax System (Goods and Services Tax) Regulations 1999 (GST Regulations). A GST group may also consist of a mixture of companies and non-companies if the companies meet the requirements of section 48-15 of the GST Act with those non-company entities.

7. Non-profit bodies may also form a GST group provided they are all members of the same non-profit association. In this case the 90% ownership rule does not apply to companies that are non-profit bodies.

8. Non-profit sub-entities are able to form a GST group with the main entity or with other non-profit sub-entities of the same entity.

9. GST groups are effectively treated as a single entity for GST purposes. Accordingly, most transactions made between GST group members are not taken into account for GST purposes - those transactions made with entities outside the group need to be taken into account for GST purposes.

10. A GST group does not have to consist of all entities eligible under the ownership rules. One of the GST group members is nominated as the 'representative member'. The representative member can be any member of the group as long as it is an Australian resident; and it does not have to be the holding company.

11. The representative member is responsible for lodging the group's GST return. This return will be included in the business activity statement (BAS) lodged by the representative member. That BAS may include the representative member's other tax-related liabilities incurred in its own right.

12. The representative member is responsible for paying the group's GST debts and is entitled to all the group's input tax credits. However, section 444-90 of Schedule 1 to the *Tax Administration Act 1953* (TAA) makes all members of a GST group jointly and severally liable for the GST payable by the representative member of the group.

13. Entities, such as financial institutions, which have governing legislation that effectively prevents them from becoming jointly and severally liable for another entity's debts, are excluded from the operation of the joint and several liability provision. These entities remain liable for any amount payable by the representative member of the group to the extent that the liability arises from their act or omission.

14. The composition of a group may change on the application of the representative member. An entity may only effectively join or leave a group at the beginning of a tax period. However, a group of GST instalment payers (Division 162 of the GST Act) or annual payers (Division 151 of the GST Act) may change its composition on any day.

15. An entity cannot become a member of a GST group if it has a branch registered for GST purposes under Division 54 of the GST Act.

16. The members of a GST group are also treated as a single entity for the purposes of the fuel tax law. The representative member has all the rights, powers and obligations of the single entity under the fuel tax law. This means that it will be entitled to claim fuel tax credits that relate to acquisitions or importations of fuel for the group, but is also responsible for the lodgment (via BAS in the same way as in respect of GST) and payment obligations (in respect of overclaimed credits or positive net fuel amounts) for the group.

17. As with GST liabilities, section 444-90 of Schedule 1to the TAA makes all members of a GST group jointly and severally liable for the fuel tax law amounts payable by the representative member of the group.

GST religious groups

18. For many religious organisations, use of the GST grouping provisions is administratively impractical. Division 49 of the GST Act enables religious organisations to utilise the benefits of grouping, while alleviating some of the

administrative difficulties that GST grouping under Division 48 of the GST Act would impose.

19. Two or more charitable bodies belonging to the same religious organisation may apply for approval as a GST religious group. One of the GST religious group members is nominated as the 'principal member'.

20. GST religious groups are effectively treated as a single entity for GST purposes. Accordingly, transactions made between GST religious group members are not taken into account for GST purposes - only those transactions made with entities outside the group need to be taken into account for GST purposes.

21. Unlike GST groups, the principal member of a GST religious group does not lodge a consolidated GST return covering all transactions outside the group. Instead, each member is required to lodge a GST return for its own external transactions. It follows that there are no joint and several liability provisions relating to members of GST religious groups.

GST joint ventures

22. Entities engaged in a joint venture can have it approved as a GST joint venture. To be approved for a GST joint venture, the joint venture must be involved in mining activities (section 51-5 of the GST Act) or for a purpose specified in the GST Regulations (see regulation 51-5.01 of the GST Regulations). Specified activities include research and development, insurance (other than life insurance), fishing, agriculture, timber production, civil engineering, distribution of electricity and water, processing and distribution of oil and gas products, primary metal production and charitable activities.

23. An entity is nominated as the 'joint venture operator'. The joint venture operator can be either a participant in the joint venture or an entity not a party to the joint venture agreement provided that entity is registered for GST and accounts on the same basis as all the other participants.

24. Similar rules apply to GST joint ventures as those that apply to GST groups. That is, the joint venture operator is responsible for lodgment and payment obligations. However, section 444-80 of Schedule 1 to the TAA makes all other participants jointly and severally liable for the GST payable by the GST joint venture operator.

25. Further, the joint venture operator of two or more GST joint ventures may elect to provide a consolidated GST return relating to all the GST joint ventures for which it is the joint venture operator.

26. The composition of a joint venture may change on application by the joint venture operator. An entity may only effectively join or leave a GST joint venture at the beginning of a tax period.

27. The participants in a GST joint venture are also treated as a single entity for the purposes of fuel tax law, to the extent that any relevant fuel is acquired, manufactured or imported in the course of activities for which the joint venture was entered into.

28. The joint venture operator is similarly given all the rights, powers and obligations of the single entity under the fuel tax law. This means that it will be entitled to claim fuel tax credits that relate to acquisitions or importations of fuel for the group, but is also responsible for the lodgment (via BAS in the same way as in respect of GST) and payment obligations (in respect of overclaimed credits or positive net fuel amounts) for the joint venture.

29. As with GST liabilities, section 444-80 of Schedule 1 to the TAA makes all members of a GST joint venture jointly and severally liable for the fuel tax law amounts payable by the joint venture operator.

30. If an election is in force to consolidate a joint venture operator's GST returns relating to its GST joint ventures, the operator must also consolidate its returns under the *Fuel Tax Act 2006* relating to the joint ventures.

GST branches

31. Some entities, for their own administrative convenience, operate through a divisional or branch structure. For instance, they may amalgamate their branch accounts only once a year. Rather than requiring such entities to amalgamate their accounting for GST purposes for each tax period they are allowed to register their branches separately.

32. A registered entity may elect to register one or more of its branches provided the branch has an independent accounting system and the branch can be identified by reference to its activities or location.

33. Once registered, a GST branch must account for all transactions between other GST branches and with the parent entity. This is in contrast to the GST group and GST joint venture provisions which allow for inter-group transactions to be ignored for GST purposes.

34. Although GST branches operate as distinct entities, the parent entity bears the legal responsibility for lodging the branches' returns and making payment. The parent entity is also required to lodge a separate return for activities not included in the returns of its GST branches.

35. If a registered entity is a member of a GST group it cannot use the branching provisions.

36. The Tax Office will only cancel a GST branch registration if the branch has been registered for at least 12 months or the Tax Office is satisfied that the entity is not carrying on an 'enterprise' (as defined at section 9-20 of the GST Act) through the branch.

37. The fuel tax law has been aligned with the GST rules in this respect. This means that the fuel tax law applies to an entity with a GST branch (and to its fuel tax credits, net fuel amount and fuel tax adjustments) in a corresponding way to the manner in which the GST law applies to that entity (and to its input tax credits, net amount and adjustments) under Division 54 of the GST Act.

Non-profit sub-entities (NPSEs)

38. These rules relate to charitable institutions and certain non-profit bodies that are income tax exempt under specified provisions in the *Income Tax Assessment Act 1997* (ITAA 1997) as well as gift-deductible entities that are non-profit bodies. These exempt bodies include religious institutions, scientific institutions, community service clubs, trade unions, employer associations, agricultural associations, sporting associations and musical associations.

39. These non-profit entities may choose to treat separately-identifiable branches or units of their organisations as though they are separate entities for GST purposes. Such a choice cannot be revoked within 12 months. These branches/units are referred to in the law as non-profit sub-entities (NPSEs).

40. For a branch/unit to be considered an NPSE, it must maintain an independent accounting system, be separately identifiable by its activities or location and be referred to as a separate entity for GST purposes in the parent entity's records. The law is able to be interpreted broadly enough to allow a lamington drive or a fund-raising dinner conducted by a non-profit body to be recognised as an NPSE. Alternatively, under Subdivision 40-F of the GST Act, a charitable institution can elect or apply to have certain fund-raising events treated as input taxed.

41. As a result of being treated as an entity, an NPSE can choose to register for GST purposes. Note: An NPSE is also eligible for an Australian Business Number (ABN).

42. As a registered entity, an NPSE will have the same rights and obligations under the GST law as any other registered entity. Unlike the rules that apply to GST branches, the parent entity of an NPSE ceases to be responsible for all obligations including lodgment of returns and payment.

43. Once registered, an NPSE must account for all transactions between other NPSEs and with the parent entity.

44. An NPSE is able to form a GST group with its parent entity and other NPSEs of that entity.

45. Section 444-85 of Schedule 1 to the TAA provides that the liability for all obligations imposed under the GST law on the NPSE is imposed on each person who is responsible for the management of the NPSE, and each such person is jointly and severally liable for amounts payable under the GST law by the NPSE.

46. The fuel tax law has been aligned with the GST rules in respect of the treatment of NPSEs. This means that the fuel tax law applies to an entity with a GST branch (and to its fuel tax credits, net fuel amount and fuel tax adjustments) in a corresponding way to the manner in which the GST law applies to that entity (and to its input tax credits, net amount and adjustments) under Division 63 of the GST Act.

47. Section 444-85 of Schedule 1 to the TAA also applies to the fuel tax law and amounts payable under the fuel tax law in imposing liability on each person who is responsible for the management of the NPSE.

Supplies in satisfaction of debts

48. Where control of a debtor's property has passed to a creditor, the creditor may be liable for GST on supplies of the debtor's property where the supply is in satisfaction of a debt owed to the creditor. Examples of situations that fall within the operation of Division 105 of the GST Act include supplies made by a mortgagee who has taken possession of assets of a debtor or an entity that has repossessed goods under a hire purchase agreement.

49. The creditor is liable for GST on such supplies if the supply would have been a taxable supply if the debtor had made it.

50. The supply is not a taxable supply:

    - if the debtor advises the creditor in writing, with reasons, that the supply would not be taxable if the debtor made the supply, or
    - if the creditor is unable to obtain such a statement, he or she concludes on the basis of reasonable information that the supply would not have been taxable if it had been made by the debtor.

Representatives of incapacitated entities

51. An incapacitated entity is defined to be:

    - an individual who is a bankrupt
    - an entity that is in liquidation or receivership, or
    - an entity that has a representative.

52. A representative (of an incapacitated entity) is defined as:

    - a trustee in bankruptcy
    - a liquidator
    - a receiver
    - an administrator appointed to an entity under Division 2 of Part 5.3A of the *Corporations Act 2001*
    - a person appointed, or authorised, under an Australian law to manage the affairs of an entity because it is unable to pay all its debts as and when they become due and payable, or
    - an administrator of a deed of company arrangement executed by the entity.

53. A representative of an incapacitated entity is required to be registered (in that capacity) if the incapacitated entity is registered or required to be registered.

54. The registration of a representative of an incapacitated entity must be cancelled if the Tax Office is satisfied that the representative is not required to be registered in that capacity.

55. The fuel tax law has been aligned with the GST rules in respect of the treatment of incapacitated entities. The fuel tax law applies to an incapacitated entity and its representative within the meaning of the GST Act in the same way as that Act applies to them under Division 147.

56. Accordingly, the requirement for registration by the representative of an incapacitated entity also applies for fuel tax law purposes.

Government entities

57. Parts of the Commonwealth, a State or a Territory may register even though they are not separate legal entities. Such parts are known as government entities. An example of a government entity is a Department, a Statutory Agency or an organisation that is not an entity, established to carry on an enterprise or established for a public purpose.

58. A government entity that is registered is treated as if it were a separate entity for the purposes of the GST law.

    Note: The government entity special rules do not apply to government bodies that are entities in their own right under the general definition at section 184-1of the GST Act for example, local government authorities and government instrumentalities. To determine the nature of a government body it may be necessary to refer to the legislation under which the body is created.

59. A government entity may become a member of a GST group made up of other government entities. Other government bodies such as local government authorities and government instrumentalities may also form part of these GST groups.

60. A government entity registered for GST purposes may use the provisions relating to GST branches.

61. If a government entity is registered for the GST, the fuel tax law will apply to it in the same way as the fuel tax law applies to an entity that is able to claim a fuel tax credit.

Wine producer rebates – associated producers

62. Division 19 of Part 4 of the *A New Tax System (Wine Equalisation Tax) Act 1999* (WET Act) provides a scheme for a wine producer to claim a rebate of up to $500,000 in a financial year (subsection 19-15(2) of the WET Act). In the transitional period, 1 October 2004 to 30 June 2005, the maximum amount of rebates that can be claimed is $217,500.

63. An entity is liable to pay any excess claims of producer rebates (section 19-25 of the WET Act). An amount payable under that section is treated as if it were wine tax payable at the end of the financial year and is attributable to the last tax period of the financial year. For a registered entity, the liability would form part of the entity's net amount for that last tax period.

64. However, a group of associated producers are only entitled to claim between them the maximum rebate of $500,000 (subsection 19-15(3) of the WET Act).

65. As per section 19-20 of the WET Act, producers are associated producers if:

- One is connected to the other pursuant to section 152-30 of the ITAA 1997 (that is, if one entity controls the other or if both entities are controlled by a third entity, but without the exception in subsection 152-30(8) of the ITAA 1997 that severs the link between producers where an intermediary is a public entity)
- One is under an obligation to act, or might reasonably be expected to act, in accordance with the directions of the other in relation to their affairs
- Each of them is under an obligation to act, or might reasonably be expected to act, in accordance with the directions of the same third entity; or
- One is under an obligation to act in accordance with the directions of a third producer and the third producer is under an obligation to act, or might reasonably be expected to act, in accordance with the directions of the second producer.

66. If a producer is an associated producer of one or more other producers for a financial year and the producer rebates claimed by those producers as a group for the financial year is more than $500,000, then each producer member of the group is jointly and severally liable to pay an amount equal to the excess. However, none of the individual producer members is liable to pay an amount that exceeds the sum of the amounts of producer rebates that that producer claimed for the financial year (subsections 19-25(2) and 19-25(3) of the WET Act).

POLICY

67. The policy regarding the GST special rules needs to be read in conjunction with the other chapters of this policy, in particular Chapter 8 'The collection process'. Note that reference below to "indirect tax law debts" includes reference to goods and services tax, fuel tax law debts, luxury car tax and wine equalisation tax.

GST groups

68. Although a representative member of a group takes on responsibility for payment of indirect tax law debts, each member of the GST group is jointly and severally liable for those debts. In appropriate circumstances the Tax Office will choose to pursue recovery from one or more members of the group. It should be noted that the joint and several liability provision does not apply to GST group members who are prohibited from becoming liable for another entity's debts because of the operation of an Australian law, for example, financial institutions.

69. The Tax Office may decide to proceed against all members of the group or any particular member or members who are liable based on considerations of the most expedient means of recovery.

70. Relevant factors in deciding the most expedient means of recovery may include, but are not limited to, the following:

    - the ability to collect payment promptly from one or more particular members
    - the opportunity to include the indirect tax law group debt in an action being initiated against a particular member for that member's other tax-related liabilities
    - the need to prove in an insolvency administration of a member, and
    - the opportunity to collect an amount due to a member from a third party.

71. A member leaving the GST group remains liable for indirect tax law debts incurred by the representative member for the period during which it was a member.

72. A GST group's liability will be recorded on the representative member's Integrated Client Account. When determining another member's indirect tax law debt, consideration will be given to the tax period or periods for which that member was part of the group and whether or not it is excluded from the joint and several liability rules. See also Chapter 7 'Allocation of payments or credits'.

73. The provisions in Division 3 of Part IIB of the TAA relating to the treatment of payments and credits extend to the allocation/application of such amounts between the members of a GST group. Refer to the Chapter 7 'Allocation of payments or credit'.

GST religious groups

74. Each member of a GST religious group is required to lodge GST returns for its own external transactions. Transactions with other GST religious group members are excluded from the calculation of the net amount returned.

75. GST religious group members are only liable for amounts payable on their own external transactions. That is, there is no joint and several liability for amounts payable by one or more of the GST religious group members. Similarly, there is no provision to allow for credits to be offset between GST religious group members.

GST joint ventures

76. Although a joint venture operator takes on responsibility for payment of indirect tax law debts each participant in the GST joint venture is jointly and severally liable with the joint venture operator to pay those debts, to the extent the amount relates to the joint venture. In appropriate circumstances the Tax Office will choose to pursue recovery from one or more of the entities liable.

77. The Tax Office may decide to proceed against all entities liable or any particular entity or entities liable based on considerations of the most expedient means of recovery.

78. Relevant factors in deciding the most expedient means of recovery may include, but are not limited to, the following:

    - the ability to collect payment promptly from one or more of the liable entities
    - the opportunity to include the GST joint venture debt in an action being initiated against a particular entity for that entity's other tax-related liabilities
    - the need to prove in an insolvency administration of an entity; and
    - the opportunity to collect an amount due to an entity from a third party.

79. A participant leaving the GST joint venture remains liable for indirect tax law debts incurred by the joint venture operator for the period during which it was a participant.

80. A GST joint venture's liability will be recorded on the joint venture operator's Integrated Client Account. When determining another participant's indirect tax law debt, consideration will have to be given to the tax period or periods for which that participant was part of the joint venture. See also Chapter 7 'Allocation of payments or credits'.

81. Although a GST joint venture operator may provide a consolidated GST (and consolidated fuel tax) return relating to all the GST joint ventures for which it is the joint venture operator, this does not affect the joint and several liability of each participant in the separate GST joint ventures. If necessary, further inquiries will need to be made in these cases to determine the extent of the liability of each participant.

GST branches

82. As liabilities of a registered GST branch remain the responsibility of the parent entity, any recovery action will be taken against that parent entity. The liabilities of all branches should be included in such actions.

Non-profit sub-entities

83. Obligations of a NPSE under the GST law or fuel tax law are imposed under section 444-85 of Schedule 1 to the TAA on each person responsible for the management of the sub-entity. Subsection 444-85(2) of Schedule 1 to the TAA imposes a joint and several liability on those persons for amounts payable under the GST law or fuel tax law by the NPSE. Alternatively, those persons may become jointly liable under common law.

84. The question of who is responsible for the management of a particular NPSE and when legal recovery action is appropriate will be determined by the facts of each case.

85. Before commencing legal action for recovery of the GST or fuel tax law debts of a NPSE, advice must be obtained from the relevant technical area.

Supplies in satisfaction of debts

86. Any GST payable under section 105-5 of the GST Act by a creditor, either registered or required to be registered, forms part of the creditor's net amount for the relevant tax period.

87. A creditor that is neither registered nor required to be registered and who makes a taxable supply under section 105-5 of the GST Act is required to lodge a GST return within 21 days after the end of the month in which the relevant supply was made. Payment of the GST is due by the same date. This liability is a distinct tax-related liability for recovery purposes.

Representatives of incapacitated entities

88. Representatives of incapacitated entities are required to lodge GST and fuel tax returns for tax periods during which they are registered in that capacity and are personally liable to pay any GST and fuel tax law debts they incur during that period. However, in some circumstances, a GST or fuel tax law liability that arises while a representative is registered may remain the liability of the incapacitated entity, for example, an adjustment that relates to a pre-appointment supply.

89. A GST or fuel tax credit due to a representative in his or her capacity as a representative of an incapacitated entity cannot be offset against liabilities of the incapacitated entity. This is because, for GST and fuel tax law purposes, the representative and the incapacitated entity are considered to be different entities.

90. Liquidators and receivers have further obligations regarding notification of their appointment and the treatment of pre-appointment liabilities under Subdivisions 260-B and 260-C of the TAA (see Chapter 31 'Clearances - Obligations of trustees and the Commissioner').

91. Before commencing legal action against a person in their capacity as a representative of an incapacitated entity, advice must be obtained from the relevant technical area.

92. Representatives who are 'trustees appointed under the *Bankruptcy Act 1966*' (Bankruptcy Act) (for example, trustees of bankrupt estates, controlling trustees and trustees of personal insolvency agreements under Part X) and who require an ABN are required to apply for a separate ABN. That is, they cannot use the ABN of the insolvent individual.

93. The Commissioner, in his capacity as Registrar of the Australian Business Register, allows representatives other than 'trustees appointed under the Bankruptcy Act' (for example liquidators, receivers and administrators) to continue to use the ABN of the incapacitated entity.

94. Generally, GST and fuel tax adjustments are attributable to the tax period in which the entity became aware of the adjustment (refer section 29-20 of the GST Act, section 65-10 of the *Fuel Tax Act 2006*). Under section 147-20 of the GST Act and section 70-25 of the *Fuel Tax Act 2006*, an adjustment relating to a supply, acquisition or importation that an incapacitated entity made before a representative was appointed but which doesn't arise until after that appointment, is treated as being an adjustment of the incapacitated entity rather than one attributable to the representative. In the case of an increasing adjustment, this treatment is conditional on the representative giving the Commissioner written notice of the adjustment.

95. Although an increasing adjustment may arise after the date of the appointment of a representative, as the circumstances giving rise to the adjustment occurred before the date relevant to the proving of debts (for example, date of liquidation, date of the appointment of an administrator, date of the bankruptcy) the adjustment would be a

debt provable in the relevant insolvency administration. This includes an adjustment that may arise as a result of the payment of a dividend to creditors.

96. In limited circumstances, a representative appointed to two or more incapacitated entities in a GST group may account for GST as if the representative in his or her capacity as representative of each of the incapacitated entities were approved as members of a GST group.

97. Those limited circumstances are where:

- the incapacitated entities satisfied the membership requirements for, and were approved as, a GST group, and continued to be approved immediately before the appointment of the representative
- the incapacitated entities continue to satisfy the membership requirements for a GST group, or would continue to satisfy those requirements but for being incapacitated entities, and
- the representative agrees to account for GST and comply with all other obligations under the GST legislation as if he or she were the representative member of the group.

98. Law Administration Practice Statement PS LA 2004/2 (GA) Application of GST grouping rules to representatives of incapacitated entities sets out in full the policy in relation to this arrangement.

99. If a representative does not meet the terms and conditions set out in that Practice Statement (for example, does not meet the due dates of lodgment, payment or other obligations under GST law), the representative will be required to account for GST as a separate entity for each appointment, that is, not as part of a GST group.

Government entities

100. A Government entity registered for GST purposes is treated as if it were an entity responsible for all GST and fuel tax law obligations.

101. Liability to GST cannot extend to the Commonwealth or to its various Departments and Agencies. Instead the Finance Minister may direct that moneys collected or notionally credited be transferred between accounts operated by the Commonwealth.

102. For State or Territory government entities, liability would ultimately rest with the Crown in the right of the relevant State or Territory.

103. Before commencing legal action to recover an amount due by a government entity advice must be obtained from the relevant technical area.

Wine producer rebates – associated producers

104. In appropriate circumstances the Tax Office will choose to pursue recovery of excess rebates claimed by a group from one or more of the associated producers.

105. The Tax Office may decide to proceed against all associated producers or any particular producer or producers who are liable based on considerations of the most expedient means of recovery.

106. Relevant factors in deciding the most expedient means of recovery may include, but are not limited to, the following:

- the ability to collect payment promptly from one or more particular producers

- the opportunity to include the debt in an action being initiated against a particular producer for that producer's other tax-related liabilities
- the need to prove in an insolvency administration of a producer, and
- the opportunity to collect an amount due to a producer from a third party.

107. Given the limited nature of the joint and several liability created by subsection 19-25(3) of the WET Act it will often be necessary to pursue the majority, if not all, associated producers to ensure that the entire debt is recoverable.

TERMS USED

90% owned group – is a group of companies which share common ownership of at least 90% either directly or indirectly through other members of the group.

Indirect tax law debt – is a reference to all indirect tax law debts, namely goods and services tax, fuel tax law debts, luxury car tax and wine equalisation tax.

Increasing adjustment – means an amount arising under one of the provisions listed in the table provided within the definition of 'increasing adjustment' in section 195-1 of the GST Act.

Joint and several liability – means that two or more persons (including companies) are each liable for the full amount of a debt. They may be sued jointly in a single action or severally in separate actions.

Tax period – is the period for which a GST net amount is calculated. Generally, it will be either a quarter ending 31 March, 30 June, 30 September or 31 December or alternatively an individual month (see Chapter 4 'Introduction to Part B – The collection of taxation debts').

Chapter 34 - Archived version

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