

# ***GSTR 2012/7EC - Compendium***



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## **Ruling Compendium – GSTR 2012/7**

This is a compendium of responses to the issues raised by external parties to draft GSTR 2011/D2 and GSTR 2012/D1 – *Goods and services tax: residential premises and commercial residential premises* that are applicable to GSTR 2012/7 *Goods and services tax: long term accommodation in commercial residential premises*.

This compendium of comments has been edited to maintain the anonymity of entities that commented on the draft ruling. Paragraph or example references under 'issue raised' are to GSTR 2011/D2 or GSTR 2012/D1 as applicable. Paragraph or example references under 'ATO Response/Action taken' are to GSTR 2012/7 unless otherwise indicated.

### **Summary of issues raised and responses**

#### **GSTR 2011/D2**

| <b>Issue No.</b> | <b>Issue raised</b>                                                                                                                                                                                                                                                                                                                                                                                                | <b>ATO Response/Action taken</b>                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                | With respect to paragraph 271, I cannot see where you get 5.5%. In reference to Example 22 (paragraph 103 – 104), the normal price is \$100 a week; the reduced valuation is \$50 a week; the GST of 10% is \$5.00 a week; Florinda charges the client \$105 a week; the 1/11 does not apply in situations like this; Florinda should send \$5.00 to the ATO; the GST is 4.76% of the price charged to the client. | The reference to the reduction in price by 50% equating to a rate of GST of 5.5% has not been retained in the Ruling. The non-modified price of the supply in Example 2 is \$110. We do not agree that the GST payable in the example is \$5.00 rather than \$5.50 as the value of the supply is 50% of what would be the price of the supply if Division 87 did not apply. See paragraphs 28 – 29 of the Ruling. |
| 2                | Would it be helpful to give commercial residential premises operators a short cut by saying the GST is 1/11 <sup>th</sup> for the first 27 days, and 5.213% of the total charge after that date (so they don't use 5.5% by mistake)? In Example 22, 5.50 divided by 105.50 equals 5.213%                                                                                                                           | The reference to the reduction in price by 50% equating to a rate of GST of 5.5% has not been retained in the Ruling.                                                                                                                                                                                                                                                                                             |

**Summary of issues raised and responses**

**GSTR 2012/D1**

| <b>Issue No.</b> | <b>Issue raised</b>                                                     | <b>ATO Response/Action taken</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                | The ruling is over 82 pages, it is complex and difficult to understand. | <p>GSTR 2012/D1 has been broken up into four products:</p> <ul style="list-style-type: none"><li>• GSTR 2012/5 <i>Goods and services tax: residential premises;</i></li><li>• GSTR 2012/6 <i>Goods and services tax: commercial residential premises; and</i></li><li>• GSTR 2012/7 <i>Goods and services tax: long-term accommodation in commercial residential premises</i></li><li>• GSTD 2012/11 <i>Goods and services tax: have new residential premises been used for residential accommodation before 2 December 1998 for the purposes of paragraph 40-65(2)(b) of the A New Tax System (Goods and Services Tax) Act 1999 where the premises were only operated as commercial residential premises before that date?</i></li></ul> |