GSTR 1999/D2 - Goods and Services Tax: transitional arrangements - entitlement to an input tax credit without a tax invoice

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There is an Erratum notice for this document.
This document has been finalised.

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Draft Goods and Services Tax Ruling
Goods and Services Tax: transitional arrangements - entitlement to an input tax credit without a tax invoice

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Preamble

This document is a draft for industry and professional comment. As such, it represents the preliminary, though considered, views of the Australian Taxation Office. This draft may not be relied on by taxation officers, taxpayers and practitioners. When officially released it will be a public ruling for the purposes of section 37 of the ***Taxation Administration Act 1953*** *and may be relied upon by any person to whom it applies.*

What this Ruling is about

1. The Commissioner has a discretion under the *A New Tax System (Goods and Services Tax) Act 1999* (the GST Act) to allow you to claim an input tax credit without holding a tax invoice.[1] This Draft Ruling explains how the Commissioner will exercise this discretion if documents are issued before 1 July 2000 for taxable supplies made on or after that date.

2. GST Bulletin, GSTB 1999/1 - *Guidelines for 'tax invoices' issued by suppliers before 1 July 2000* explains the minimum information that should be included in a document issued before 1 July 2000 for a taxable supply made after that date. If this information is provided, a recipient will be able to claim an input tax credit without obtaining another document after 1 July 2000 to satisfy the requirement to hold a tax invoice. The information requirements set out in GSTB 1999/1 include the price of the taxable supply.

3. This Ruling relaxes those requirements for documents issued before 1 July 2000 to the extent that the price of the taxable supply does not have to be shown if the amount of GST payable is shown.

4. All legislative references are to the GST Act.

[1] Subsection 29-10(3)

Date of effect

5. This Ruling will take effect from 1 July 2000 when the *A New Tax System (Goods and Services Tax) Act 1999* commences, but can be relied upon immediately.

Background

Input tax credits

6. You can claim an input tax credit for any creditable acquisition that you make.[2] An acquisition is creditable if:[3]

- the supply to you is taxable;
- you provide, or are liable to provide, consideration for the supply;
- you are registered, or required to be registered; and
- you acquire it solely or partly for a creditable purpose.

Creditable purpose

7. You acquire something for a creditable purpose if you acquire it in carrying on your enterprise.[4] Something that you acquire will not be for a creditable purpose if:[5]

- it relates to making input taxed supplies; or
- it is of a private or domestic nature.

8. The input tax credit for a creditable acquisition is usually the amount of GST that is payable by the supplier.[6] If an acquisition is partly creditable, you will need to apportion the input tax credit.

9. Your input tax credits are offset against your GST payable for a particular tax period.[7]

Tax invoices

10. You cannot claim an input tax credit in your GST return[8] for a particular tax period, unless you hold a tax invoice.[9] However, if the

[2] Section 11-20
[3] Section 11-5
[4] Subsection 11-15(1)
[5] Subsection 11-15(2)
[6] Section 11-25
[7] Subsection 17-5(1)
[8] Your GST return is part of your Business Activity Statement.

GST exclusive value of the taxable supply is $50 or less, you will not need a tax invoice.[10]

11. The GST Act requires that a tax invoice must:[11]

- be issued by the supplier (except if the Commissioner determines that the tax invoice can be issued by the recipient);
- set out the Australian Business Number (ABN) of the entity that issues it;
- set out the price for the taxable supply;
- contain such other information as the regulations[12] specify; and
- be in the approved form.

12. A tax invoice for a taxable supply that is made through a GST branch must show the GST branch registration number of the branch.[13] The GST branch registration number incorporates the ABN of the entity.

Ruling

Circumstances in which a tax invoice is not required

13. You are entitled to an input tax credit for a creditable acquisition without holding a tax invoice in the following circumstances:

(a) you hold a document issued before 1 July 2000 for a taxable supply made on or after that date;

(b) the document contains the following information:

- the supplier's name or trading name;
- the supplier's address;
- the date of issue; and

(c) the document shows either:

[9] Subsection 29-10(3)
[10] Subsection 29-80(1)
[11] Subsection 29-70(1)
[12] The Regulations about tax invoice information requirements are set out in Part 2-6 of the *A New Tax System (Goods and Services Tax) Regulations 1999*.
[13] Paragraph 54-50(1)(a)

- the price of the taxable supply, and a statement indicating that the price includes GST (if the supply is for a period that spans 1 July 2000, the taxable supply is that part of the supply to be made on or after 1 July 2000); or
- the amount of the GST payable.

Supplies for which the GST payable is less than 1/11th of the price

14. If you acquire something for which the GST payable by the supplier is less than 1/11th of the price, you must hold a document that shows the amount of GST payable.

Explanations

Changes to the requirements in GSTB 1999/1

15. To claim an input tax credit, you can rely on **any** document that satisfies the requirements in paragraphs 13 and 14 of this Ruling. This includes documents such as insurance renewal notices and subscription notices, for example, subscriptions for trade magazines, online legal research and information, motor registration and subscriptions to professional associations.

16. Since the release of GSTB 1999/1, a number of businesses and other organisations have said it would be difficult and costly to show the price of the taxable supply (that is, the price relating to the supply from 1 July 2000) in addition to the total price of the supply.

17. In response, the Commissioner has decided that an input tax credit can be claimed even if the supplier's document does not show the price of the taxable supply, provided that the amount of GST payable is shown.

Example

18. Your industry association sends you a notice to renew your annual membership. The notice is for membership for the period 1 January 2000 to 31 December 2000[14]. The notice shows the date of issue, the association's name and address and the total membership fee payable of $384.40.

[14] this period is 366 days

19. GST is payable by the industry association for the supply of membership for the period 1 July 2000 to 31 December 2000[15]. The price of this taxable supply is $202.40.

20. To claim an input tax credit, you will not need a tax invoice if the notice issued shows either:

- the price of $202.40 for that part of the supply that is made from 1 July 2000 to 31 December 2000, and indicates that the price includes GST; or
- the amount of $18.40 GST that is payable.

Detailed contents list

21. Below is a detailed contents list for this draft Ruling:

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[15] this period is 184 days

Your comments

22. We are allowing only **2 weeks** for comment. Many issues in this Draft Ruling have been covered in GSTB 1999/1. We have already taken into account comments made on this bulletin in preparing this Draft Ruling. If you wish to comment, please send your comments promptly by **10 December** 1999 to:

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Commissioner of Taxation
24 November 1999

Previous draft:
Not previously issued in draft form

Related Rulings/Determinations:
GST Bulletin GSTB 1999/1

Subject references:
- goods and services tax
- tax invoices
- input tax credits
- creditable acquisition

Legislative references:
- ANTS(GST)A 11-5
- ANTS(GST)A 11-15(1)
- ANTS(GST)A 11-15(2)
- ANTS(GST)A 11-20
- ANTS(GST)A 11-25
- ANTS(GST)A 17-5(1)
- ANTS(GST)A 29-10(3)
- ANTS(GST)A 29-80(1)
- ANTS(GST)A 54-50(1)(a*)*

Case references:

ATO references:
NO 99/16917-6
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