



Increasing adjustment under Division 135 of the GST Act -

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Primary Production Industry Partnership

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Increasing adjustment under Division 135 of the GST Act

Question

1. Does the recipient of a supply that is GST-free under section 38-480 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) have to make an increasing adjustment under Division 135 of the GST Act if the use of the land is converted from:

- the conduct of a farming business
- to
- the conduct of another enterprise in the course or furtherance of which supplies are made that are either taxable or GST-free?

Answer

2. No. Provided the subsequent supplies are taxable or GST-free, no adjustment should apply even though the supplies are not made through a farming enterprise.

Explanation

3. The words the enterprise in Division 135 of the GST Act should be read as the enterprises. The term is capable of including an enterprise or enterprises other than a farming business. Provided that only taxable or GST-free supplies are made through those enterprises, an adjustment under Division 135 of the GST Act is not required. The Act does not exhibit an intention contrary to adopting the plural form of the word. The fact that section 38-480 of the GST Act itself does not require the recipient to carry on the farming business requires that the plural form be adopted.