



***GSTA TPP 021 - Goods and services tax: Is a payment by an entity to reimburse a retail outlet for the face value of a section 100-5 voucher (commonly referred to as a face value voucher (FVV)), which was redeemed by a customer, subject to GST?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on *14 June 2005*



## Goods and Services Tax Advice

**Goods and services tax:** Is a payment by an entity to reimburse a retail outlet for the face value of a section 100-5 voucher (commonly referred to as a face value voucher (FVV)), which was redeemed by a customer, subject to GST?

### Preamble

*This document is a ruling for the purposes of section 37 of the Taxation Administration Act 1953. It illustrates the principles contained in **Goods and Services Tax Ruling GSTR 2003/5 on vouchers**. You can rely on the information presented in this document, which provides advice on the operation of the GST system.*

### Answer

No. If the payment is neither consideration for the supply made on the redemption of the FVV nor consideration for a supply by the retail outlet to the entity, it is not consideration for a supply. The payment is made as part of the entity's performance of its contractual obligations under an agreement.

### Background

An entity sells FVVs to various retail outlets that sell them to their customers. Under an agreement, the FVVs can be redeemed in any participating retail outlet and, the entity will reimburse a retail outlet that supplies goods on redemption of a voucher which it did not sell.

A customer purchases an FVV from a retail outlet and redeems it for supplies from a different retail outlet. The entity reimburses that retail outlet for the face value of the FVV presented by the customer.

### Explanation

The entity's payment to reimburse the retail outlet that accepted the FVV as consideration for the supplies made on its redemption merely compensates the retail outlet for the value of the FVV as it did not sell the FVV. The payment to that retail outlet is not consideration for the supplies it makes on redemption of the FVV by the customer and is not consideration for a supply by the retail outlet to the entity. However, in other

circumstances, the payment may be consideration for a separate supply made by the retail outlet to the entity (for example, promotional services) which will depend on the surrounding facts and circumstances of the case.

The payment itself is not a separate supply as a supply of money is not a supply under subsection 9-10(4) of the GST Act.

The payment is held to be made as part of the entity's performance of the contractual obligations under the agreement between the entity and the retail outlets. No GST is payable and no input tax credit is available in relation to that payment.

### Application of this GST Advice

This Advice is based on GSTR2003/5. It explains our view of the law as it applied from 1 July 2000. You can rely on this Advice on and from its date of issue for the purposes of section 37 of the *Taxation Administration Act 1953*. Goods and Services Tax Ruling GSTR 1999/1 explains the GST rulings system and our view of when you can rely on our interpretation of the law in GST public and private rulings.

If this Advice conflicts with a previous private ruling that you have obtained, this public ruling prevails. However, if you have relied on a private ruling, you are protected in respect of what you have done up to the date of issue of this public ruling. This means that if you have underpaid an amount of GST, you are not liable for the shortfall prior to the date of issue of this later ruling. Similarly, you are not liable to repay an amount overpaid by the Commissioner as a refund.

### Commissioner of Taxation

Date

### Related Rulings/Determinations/GST Advice

GSTA TPP 019

GSTA TPP 020

### Subject references:

face value vouchers  
taxable supplies

### Legislative references:

ANTS(GST)A 1999 9-5  
ANTS(GST)A 1999 9-10(4)

ANTS(GST)A 1999 Div 100  
ANTS(GST)A 1999 100-5  
ANTS(GST)A 1999 100-5(2)  
TAA 1953 37

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**ATO references**

NO:	05/3095
ISSN:	1833-0053