



GSTA TPP 023 - Goods and services tax: Is a letter entitling the holder to supplies upon redemption a voucher within the meaning of section 100-25 of the GST Act?

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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 letter entitling the holder to supplies upon redemption a voucher within the meaning of section 100-25 of the GST Act?

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

Yes. A letter that in accordance with its terms entitles the holder to receive supplies upon redemption is a voucher under section 100-25 of the GST Act. It is treated under section 100-5 if the letter meets the further requirements of that section.

Background

A store sells stationery goods. It also supplies vouchers to customers that take the form of a letter. The letter states that on redemption the holder is entitled to supplies of various stationery goods up to the monetary value stated on it. The terms and conditions of use are on the back of the letter.

Explanation

A letter is capable of being a voucher under section 100-25 if upon redemption it entitles the holder to receive supplies in accordance with its terms. However, in determining whether the letter is a voucher its characteristics, function, and purpose need to be considered.

The requirements of a voucher that are contemplated by section 100-25 are that:

- It has a single function or purpose;
- It entitles the holder to receive supplies on redemption;
- Its presentation is integral to supplies on redemption; and

- It is capable of being redeemed.

That is, the right or entitlement to receive supplies must cease to exist on exercise of that right or entitlement by virtue of the redemption of the voucher or when the voucher expires. On cessation of the right, the voucher, or any part of the voucher, performs no other function nor does any other function continue to exist.

Note: For the letter to receive the concessionary treatment under Division 100, the letter must comply with the further requirements of section 100-5 being that:

- *The supply of the letter would otherwise be a taxable supply;*
- *The holder is entitled to supplies up to the monetary value of the voucher;*
- *The monetary value is stated on or incorporated in the voucher; and*
- *It provides reasonable choice and flexibility of supplies.*

Application of this GST Advice

This Advice is based on GSTR 2003/5. 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

Subject references:

face value vouchers
taxable supplies

Legislative references:

ANTS(GST)A 1999 9-5

ANTS(GST)A 1999 Div 100
ANTS(GST)A 1999 100-5
ANTS(GST)A 1999 100-5(2)
ANTS(GST)A 1999 100-25
TAA 1953 37

ATO references

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