

GSTA TPP 029 - Goods and services tax: What amount should appear in a tax invoice that relates to a contract subject to a retention?

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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: What amount should appear in a tax invoice that relates to a contract subject to a retention?

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 2000/17 on tax invoices**. You can rely on the information presented in this document, which provides advice on the operation of the GST system.*

Answer

The price shown on the tax invoice is the full amount payable for the supply, not the amount net of the retention. To claim an input tax credit for the net amount paid, the recipient must hold a tax invoice that shows the total price.

Explanation

While attribution is delayed for that part of the consideration retained, the price of the taxable supply is still the total consideration payable including the retention payment. Therefore, there is a difference between the amount of input tax credit the recipient is entitled to claim and the price shown on the tax invoice.

Paragraph 50 of GSTR 2000/17 explains:

50. Although attribution will be delayed for that part of the consideration retained, the price of the taxable supply is the total consideration payable including the retention amount. To claim the input tax credit for the net amount paid, the recipient must hold a tax invoice that shows the total price. You can satisfy this requirement and still have the document show the net amount payable. For example, the document may set out the price less the retention amount, with a net amount payable.

The Commissioner has concluded that the basic attribution rules apply inappropriately to supplies and acquisitions made under contracts that provide for the retention of consideration.

Accordingly, the Commissioner has made a written determination under section 29-25 referred to as *A New Tax System (Goods and Services Tax) Act 1999 (Particular Attribution Rules for Retention Payments) Determination (No. 1) 2000* (PAR

2000/1). A copy of this determination is attached to GSTR 2000/29.

The effect of this determination is that the attribution of the GST payable and the input tax credit for the retention amount is deferred until paid.

Application of this GST Advice

This Advice is based on GSTR 2000/17. 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

GSTR 2000/29

Subject references:

retention payments
tax invoices
input tax credits
attribution

Legislative references:

PAR 2000/1
TAA 1953 37
ANTS(GST)A 1999 section 29-25

ATO references

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