

GSTA TPP 039 - Goods and services tax: Do expenses incurred by an agent on behalf of the principal fall under subsection 153-60(2) of the A New Tax System (Goods and Services Tax) Act 1999 (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: Do expenses incurred by an agent on behalf of the principal fall under subsection 153-60(2) of the *A New Tax System (Goods and Services Tax) Act 1999* (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 Rulings GSTR 2000/37 and GSTR 2000/37A on agency**. You can rely on the information presented in this document, which provides advice on the operation of the GST system.*

Answer

Yes, expenses (that are creditable acquisitions) incurred by the agent on behalf of the principal fall under section 153-60 of the GST Act.

Background

The agent and the principal have entered into a Subdivision 153-B arrangement. The agent makes creditable acquisitions on behalf of the principal and recoups these amounts from the principal. The main business of the principal and the agent consists of making GST-free supplies.

Explanation

Paragraph 74A of GSTR 37A – the addendum to the agency ruling – explains that creditable acquisitions taken to be made by the agent in these circumstances come under section 153-60.

74A. ... section 153-60, which is about the effect of these arrangements on acquisitions, only applies to the creditable acquisitions covered by the arrangement. For ... acquisitions other than creditable acquisitions, the parties account for them as being from principal to principal for GST purposes. ...

Note: Please see paragraphs 75 and 86 to 91 of GSTR 2000/37 and paragraphs 74A and 91A to 91L of GSTR 2000/37A for a comprehensive treatment of these issues.

Application of this GST Advice

This Advice is based on GSTR 2000/37 and GSTR 2000/37A. 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 038

Subject references:

agency
subdivision 153-B
GST-free

Legislative references:

ANTS(GST)A 1999 Subdiv 153-B
TAA 1953 37

ATO references

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