



***GSTA TPP 091 - Goods and services tax: Is an arrangement under Subdivision 153-B of the A New Tax System (Goods and Services Tax) Act 1999 (GST Act) possible if the agent merely pays accounts received on behalf of the principal?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on *26 October 2005*



## Goods and Services Tax Advice

**Goods and services tax:** Is an arrangement under Subdivision 153-B of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) possible if the agent merely pays accounts received on behalf of the principal?

### 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 2000/37 on agency**. You can rely on the information presented in this document, which provides advice on the operation of the GST system.*

### Answer

No, a Subdivision 153-B arrangement is not valid if the agent merely pays accounts received on behalf of a principal.

### Background

A principal arranges to receive goods from a supplier. The supplier issues invoices for these supplies to the principal, but addresses them care of an agent. The agent pays the money owed directly to the supplier on behalf of the principal.

### Explanation

Division 153 applies to situations where a principal makes a supply or acquisition through an agent. In the circumstances of this Advice, the agent is acting as a paying agent of the principal and does not make any acquisition on behalf of the principal. Division 153 does not apply and the parties are not able to enter into a Subdivision 153-B arrangement.

*Note: A principal must hold a tax invoice before claiming input tax credits for its acquisitions. The special rules in Subdivision 153-A do not apply to this situation. Even though the entity paying the accounts on behalf of the principal is described as an 'agent', it is not an agent for the purposes of Division 153 as no creditable acquisition is made through the agent. The normal tax invoice rules in section 29-10 apply, which require the principal to hold the tax invoice before an input tax credit can be claimed.*

### Application of this GST Advice

This Advice is based on GSTR 2000/37 and the addendum to that ruling. 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

26 October 2005

#### Subject references:

agent  
principal  
tax invoice

#### Legislative references:

ANTS(GST)A 1999 Div 153  
ANTS(GST)A Subdiv 153-A  
ANTS(GST)A Subdiv 153-B  
ANTS(GST)A 1999 29-10  
TAA 1953 37

#### ATO references

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