



Addendum

Goods and Services Tax Determination

Goods and services tax: is an *ex gratia* payment by an insurer in response to a claim under an insurance policy a payment made ‘in settlement of a claim’?

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Determination GSTD 2011/1 to reflect amendments in relation to digital currency to section 78-10 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act).

GSTD 2011/1 is amended as follows:

1. Paragraph 4

After paragraph 4; insert:

4A. Changes made to this Determination by Addenda that issued on 9 May 2018 have been incorporated into this version of the Determination.

2. Paragraph 7

Omit the paragraph; substitute:

Subsection 78-10(1) stipulates that an insurer has a decreasing adjustment if, in settlement of a claim under an insurance policy, the insurer makes one or more of the following:

- (a) a payment of money;
- (b) a payment of digital currency;
- (c) a supply.

3. Paragraph 21

Omit the paragraph; substitute:

Subsection 78-10(1) stipulates that an insurer has a decreasing adjustment if, in settlement of a claim under an insurance policy, the insurer makes one or more of the following:

- (a) a payment of money;
- (b) a payment of digital currency;
- (c) a supply.

GSTD

Page 2 of 2

4. Paragraph 22

After the first dot point; insert second dot point:

- reimburse the insured or a third party by way of payment of digital currency for replacing or repairing the goods;

5. Paragraph 23

Omit the first sentence; substitute:

‘Therefore, as a claim under an insurance policy can be settled by making payment of money, payment of digital currency, making a supply, or a combination of those, it follows that a claim can be settled *ex gratia* in all of those ways as well.’.

This Addendum applies on and from 1 July 2017.

Commissioner of Taxation

9 May 2018

ATO references

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