


GSTR 2000/15A - Addendum - Goods and Services Tax: determining the extent of creditable purpose for claiming input tax credits and for making adjustments for changes in extent of creditable purpose

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Addendum

Goods and Services Tax Ruling

Goods and Services Tax: determining the extent of creditable purpose for claiming input tax credits and for making adjustments for changes in extent of creditable purpose

This Addendum amends Goods and Services Tax Ruling GSTR 2000/15 to revise the table in paragraph 73 of the Ruling and correct associated footnotes. The table sets out the adjustment periods under subsection 129-20(3). This Addendum clarifies that an adjustment may arise if an entity's registration is cancelled even where the GST exclusive value of the acquisition or importation is below the relevant Division 129 adjustment threshold.

This Addendum also amends GSTR 2000/15 to reflect legislative changes that removed the phasing in of input tax credits for motor vehicles (section 20 of the GST Transition Act) and introduced the financial acquisitions threshold (Division 189). These changes were made after GSTR 2000/15 issued on 7 June 2000.

This addendum applies on and from 1 July 2000 except for the amendment that substitutes footnote 26 (in paragraph 66), which applies on and from 23 May 2001.

GSTR 2000/15 is amended as follows:

1. Paragraph 73

(a) Omit the second and third sentences of paragraph 73 and substitute with:

The number of adjustment periods you have for an acquisition or importation depends on its GST exclusive value and whether it relates to business finance. The adjustment periods for acquisitions or importations that do not relate to business finance are³⁴:

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(b) Omit the table, and substitute:

GST-exclusive value of the acquisition or importation	Adjustment periods
\$5,000 or less	Two
\$5,001 to \$499,999	Five
\$500,000 or more	Ten

You will not have an adjustment under Division 129 where the GST exclusive value of an acquisition or importation that does not relate to business finance is \$1,000 or less.^{34A} However, even where the GST exclusive value of the acquisition or importation is \$1,000 or less, you may have an increasing adjustment under Division 138 if your registration is cancelled.

2. Footnote 34

Omit footnote 34 and substitute with:

³⁴ Subsections 129-10(2) and 129-20(3).

3. After footnote 34

Insert:

^{34A} For adjustment periods for acquisitions or importations that relate to business finance, see subsection 129-20(2). You will not have an adjustment under Division 129 where the GST exclusive value of the acquisition or importation that relates to business finance is \$10,000 or less (subsection 129-10(1)). See GSTR 2000/22. However, even where the GST exclusive value of the acquisition or importation that relates to business finance is \$10,000 or less, you may have an increasing adjustment under Division 138 if your registration is cancelled. You should also note that section 129-25 may reduce the number of adjustment periods.

4. Footnote 26

Omit footnote 26 and substitute with:

²⁶ Input tax credits on the acquisition of most new motor vehicles were to be phased-in over the first two years of the operation of the GST (section 20 of the *A New Tax System (Goods and Services Tax Transition) Act 1999*). However, section 20 was amended to remove the phasing-in reductions with effect on and from 23 May 2001. Under section 69-10 of the GST Act the amount of input tax credit is restricted where the GST inclusive market value of the car exceeds the car limit.

5. Paragraph 29

Omit 'financial threshold', and substitute with 'financial acquisitions threshold'.

6. Paragraph 8

Omit ‘because your annual turnover of financial supplies exceeds the **financial threshold**’, and substitute with ‘because you **exceed the financial acquisitions threshold**’.

7. Footnote 8

Omit the footnote and substitute with:

⁸Excluding acquisitions or importations that relate to: input taxed supplies made through an enterprise or part of an enterprise carried on outside Australia, subsections 11-15(3) and 15-10(3); and financial supplies where you do not exceed the financial acquisitions threshold, subsections 11-15(4) and 15-10(4).

8. Footnote 22

Omit footnote 22.

9. Paragraph 52

Omit paragraph 52 and substitute with:

52. If you exceed the financial acquisitions threshold and you also make taxable or GST-free supplies, Goods and Services Tax Ruling GSTR 2000/22, which is about determining the extent of creditable purpose for providers of financial supplies, explains how to apportion your input tax credits.

10. After paragraph 128

Insert heading:

Exceed the financial acquisitions threshold⁴⁷

11. Footnote 47

Omit footnote 47 and substitute with:

⁴⁷Division 189.

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12. After paragraph 128

Insert:

128A. Under Division 189, you exceed the financial acquisitions threshold in a particular month if, assuming that all the financial acquisitions^{47A} you have made, or are likely to make, during the 12 months ending at the end of that month, or during that month and the next 11 months, were made solely for a creditable purpose, either or both of the following would apply:

- the amount of all the input tax credits to which you would be entitled for your financial acquisitions would exceed \$50,000 or such other amount specified in the GST regulations;
- the amount of the input tax credits to which you would be entitled for your financial acquisitions would be more than 10% of the total input tax credits to which you would be entitled for all your acquisitions and importations (including the financial acquisitions) during the relevant months.^{47B}

13. After footnote 47

Insert:

^{47A} Section 189-15 defines ‘financial acquisition’ as ‘an acquisition that relates to the making of a financial supply (other than a financial supply consisting of a borrowing)’.

^{47B} For members of a GST group, the financial acquisitions threshold is calculated under subsections 189-5(2) and 189-10(2) as if the whole group were a single entity.

14. After paragraph 129

Omit the heading ‘**Financial threshold**’.

15. Paragraph 130

Omit paragraph 130.

16. Paragraph 138 (Detailed contents list)

Omit:

‘Financial threshold 130’,

and substitute with:

‘Exceed the financial acquisitions threshold 128A’.

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FOI status: **may be released**

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17. Subject references

Insert:

- exceed the financial acquisitions threshold
- financial acquisitions threshold

18. Legislative references:

Insert:

- ANTS(GST Transition)A 1999 20
- ANTS(GST)A 1999 Division 138
- ANTS(GST)A 1999 Division 189
- ANTS(GST)A 1999 189-5
- ANTS(GST)A 1999 189-5(2)
- ANTS(GST)A 1999 189-10
- ANTS(GST)A 1999 189-10(2)
- ANTS(GST)A 1999 189-15

Commissioner of Taxation

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ATO references

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