


# ***GSTR 2000/22A - Addendum - Goods and Services Tax: determining the extent of creditable purpose for providers of financial supplies***

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## Addendum

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### **Goods and Services Tax Ruling**

#### **Goods and Services Tax: determining the extent of creditable purpose for providers of financial supplies**

This Addendum amends Goods and Services Tax Ruling GSTR 2000/22 to reflect legislative changes to subsections 11-15(4) and 15-10(4), and the insertion of Division 189 that occurred after the ruling issued on 28 June 2000.

The Addendum also amends GSTR 2000/22 to modify the table in paragraph 36. The table sets out the adjustment periods under subsection 129-20(2). The 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 applies on and from 1 July 2000.

#### **GSTR 2000/22 is amended as follows:**

##### **1. Paragraph 4**

Omit paragraph 4 and substitute with:

4. This Ruling applies to all entities that are registered or required to be registered, make financial supplies and exceed the **financial acquisitions threshold**, that may be eligible for input tax credits or reduced input tax credits.

##### **2. Paragraph 6**

Omit the last sentence in paragraph 6 and substitute with:

If you do not exceed the financial acquisitions threshold, you may use that ruling to work out the extent of your creditable purpose.

##### **3. Paragraph 10**

In the first and second sentences in paragraph 10, omit 'financial threshold' and substitute with 'financial acquisitions threshold'.

**GSTR 2000/22****4. Paragraph 11**

Omit paragraph 11 and substitute with:

11. If you exceed the financial acquisitions threshold, you will not be entitled to input tax credits for acquisitions or importations to the extent that they relate to making financial supplies. However, you may be entitled to reduced input tax credits, where the acquisitions are specified as **reduced credit acquisitions** in regulation 70-5.02 of the **GST Regulations**.

**5. Footnote 3**

Omit footnote 3.

**6. Paragraph 36**

(a) After the first sentence in paragraph 36, insert:

However, even where the GST exclusive value of the acquisition or importation is \$10,000 or less, you may have an increasing adjustment under Division 138 if your registration is cancelled.

(b) Omit the table and substitute with:

| <b>GST-exclusive value of the acquisition or importation</b> | <b>Adjustment periods</b> |
|--|---------------------------|
| \$50,000 or less   | One                       |
| \$50,001 to \$499,999  | Five                      |
| \$500,000 or more  | Ten                       |

**7. Footnote 14**

Omit footnote 14 and substitute with:

<sup>14</sup> Subsection 129-20(2).

**8. Paragraph 43**

At the end of the first sentence in paragraph 43, add footnote 15A:

<sup>15A</sup> This also applies, under subsection 132-5(1), where the acquisition, importation or application was solely or partly of a private or domestic nature.

**9. Paragraph 83**

Omit the last two sentences in paragraph 83 and substitute with:

It only applies to those reduced credit acquisitions listed in regulation 70-5.02 of the GST regulations. Under subsection 70-5(1A), you are not entitled to a reduced input tax credit on an acquisition, to the extent that you are entitled to an input tax credit under Division 11 or 15.

**10. Footnote 22**

Omit footnote 22.

**11. Paragraph 128**

Omit the first sentence in paragraph 128 and substitute with:

128. Financial supplies are supplies of financial interests set out in sub-regulation 40-5.09(3) of the GST regulations, which meet the requirements set out in sub-regulation 40-5.09(1).

**12. Paragraph 129**

Omit paragraph 129 and substitute with:

129. Under regulation 40-5.07 of the GST regulations a financial supply facilitator, in relation to supply of an interest, is an entity facilitating the supply of the interest for a financial supply provider. A supply of an interest under regulation 40-5.09 facilitated by a financial supply facilitator is a financial supply by the financial supply provider.

**13. After paragraph 130**

Omit the heading 'Financial threshold' and substitute with 'Financial acquisitions threshold'.

**14. Paragraph 131**

Delete paragraph 131 and substitute with:

131. Under Division 189, an entity exceeds the financial acquisitions threshold in a particular month if, assuming that all the financial acquisitions<sup>27</sup> it has made, or is 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 the entity would be entitled for its financial acquisitions would exceed \$50,000 or such other amount specified in the GST regulations;

- the amount of the input tax credits to which the entity would be entitled for its financial acquisitions would be more than 10% of the total input tax credits to which the entity would be entitled for all its acquisitions and importations (including the financial acquisitions) during the relevant months.<sup>27A</sup>

## 15. Footnote 27

(a) Omit footnote 27 and substitute with:

<sup>27</sup> 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)’.

(b) After footnote 27, add footnote 27A:

<sup>27A</sup> 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.

## 16. Paragraph 146 (Detailed contents list)

Omit:

‘Financial threshold 131’

and substitute with:

‘Financial acquisitions threshold 131’

## 17. Subject references

Insert:

- financial acquisition
- financial acquisitions threshold

## 18. Legislative references

Omit:

- ANTS(GST)A99 15-25(4)

Substitute with:

- ANTS(GST)A99 70-5(1A)
- ANTS(GST)A99 132-5(1)
- ANTS(GST)A99 Div 138
- ANTS(GST)A99 138
- ANTS(GST)A99 Div 189
- ANTS(GST)A99 189-5(2)
- ANTS(GST)A99 189-10(2)
- ANTS(GST)A99 189-15
- ANTS(GSTR)99 40-5.09(1)
- ANTS(GSTR)99 40-5.09(3)

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**Commissioner of Taxation**

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