


GSTR 2000/29A4 - Addendum - Goods and services tax: attributing GST payable, input tax credits and adjustments and particular attribution rules made under section 29-25

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Addendum

Goods and Services Tax Ruling

Goods and services tax: attributing GST payable, input tax credits and adjustments and particular attribution rules made under section 29-25

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Ruling GSTR 2000/29 to reflect amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* by:

- the *Tax Laws Amendment (2011 Measures No. 9) Act 2012* in relation to supplies and acquisitions made under hire purchase agreements;
- the *Tax Laws Amendment (2010 GST Administration Measures No. 1) Act 2010* and amended by the *Tax Laws Amendment (2010 GST Administration Measures No. 3) Act 2010* and *Tax Laws Amendment (2010 GST Administration Measures No. 4) Act 2010* in relation to the addition of Division 134;
- the *Tax Laws Amendment (2010 GST Administration Measures No.1) Act 2010* in relation to subsection 29-10(4); and
- the *Tax Laws Amendment (2009 GST Administration Measures) Act 2010* in relation to the addition of Division 93.

This Addendum also reflects:

- amendments made to the *A New Tax System (Goods and Services Tax) Regulations 1999* by the *A New Tax System (Goods and Services Tax) Amendment Regulation 2012 (No. 1)*; and
- the addition of regulation 29-80.02 to the *A New Tax System (Goods and Services Tax) Regulations 1999* by the *A New Tax System (Goods and Services Tax) Amendment Regulations 2009 (No. 2)*.

The Addendum also makes further minor amendments to GSTR 2000/29 and updates the references section.

GSTR 2000/29

GSTR 2000/29 is amended as follows:

1. Contents table

(a) Omit the entries that refer to page numbers:

Schedule 1	page 54
Schedule 2	page 56
Schedule 3	page 59
Schedule 4	page 61
Schedule 5	page 65
Schedule 6	page 69

(b) Substitute:

Schedule 1	page 59
Schedule 2	page 61
Schedule 3	page 64
Schedule 4	page 66
Schedule 5	page 70
Schedule 6	page 74

2. Paragraph 3

After 'Division 156', insert ', Division 158'.

3. Paragraph 11

In the first sentence, omit '[to tax periods commencing]'.

4. Paragraph 11A

After '31 October 2012', omit 'and 27 March 2013'; substitute ', 27 March 2013 and 11 December 2013'.

5. Footnote 6

Omit the footnote; substitute:

⁶ Division 99. Refer also to Goods and Services Tax Ruling GSTR 2006/2 *Goods and services tax: deposits held as security for the performance of an obligation*.

6. Paragraph 19

After the paragraph; insert:

19A. If the BAS for a tax period states a net amount that does not take into account an input tax credit attributable to that tax period, the input tax credit may be attributable to a later tax period under subsection 29-10(4) (subject to the four year time limit contained in Division 93).^{10A}

7. Paragraph 24

Omit the first and second sentence; substitute 'If the payment of GST on a taxable importation is deferred, the GST on the importation is payable on or before the 21st day after the end of the month in which the liability for the GST arises.¹⁴ You attribute any input tax credit to which you are entitled on the importation to the tax period in which the liability for the GST arose (that is, when the importation takes place).^{14A}'.

8. Footnote 19

Omit the footnote; substitute:

¹⁹ There is no requirement to hold an adjustment note for a decreasing adjustment of \$75 or less (see subsection 29-80(2) and regulation 29-80.02 of the *A New Tax System (Goods and Services Tax) Regulations 1999*).

9. Paragraph 36

After the paragraph; insert:

36A. If the BAS for a tax period states a net amount that does not take into account an input tax credit attributable to that tax period, the input tax credit may be attributable to a later tax period under subsection 29-10(4) (subject to the four year time limit contained in Division 93).^{27A}

^{10A} Under subsection 93-5(1), you cease to be entitled to an input tax credit for a creditable acquisition to the extent that the input tax credit has not been taken into account in your assessment of a net amount, within four years after the day you were required to lodge a GST return for the tax period to which the input tax credits would have been attributable under subsections 29-10(1) or 29-10(2). Further, section 93-15 denies entitlement to an input tax credit for a creditable acquisition if GST has ceased to be payable on the relevant supply and a tax invoice was not held at that time. However, you do not cease to be entitled to an input tax credit if section 93-10 is met.

¹⁴ See regulation 33-15.07 of the *A New Tax System (Goods and Services Tax) Regulations 1999*. See also paragraph 45 of Goods and Services Tax Ruling GSTR 2003/15 *Goods and services tax: importation of goods into Australia*.

^{14A} See subsection 29-15(2).

^{27A} Under subsection 93-5(1), you cease to be entitled to an input tax credit for a creditable acquisition to the extent that the input tax credit has not been taken into account in your assessment of a net amount, within four years after the day you

10. Paragraph 37

In the paragraph, whenever occurring, omit '2001'; substitute '2011'.

11. Paragraph 38

Omit the paragraph; substitute:

38. If the invoice issued on 14 June 2012 did not have all the information for it to be a tax invoice and Handy did not hold other documents from Lumber from which that information could be clearly ascertained it is not a tax invoice.^{27B} Handy cannot attribute the input tax credits until the tax period in which Handy holds a tax invoice from Lumber containing the required information.

38A. The input tax credits will be attributable to the first tax period in which Handy holds a tax invoice from Lumber. For the purposes of subsection 93-5(1), the four year time limitation period commences from 29 July 2012 as the input tax credit would have been attributable to the tax period ending 30 June 2012 under subsection 29-10(1).

12. Footnote 28

At the end of the footnote, insert 'Refer also to section 134-15 for decreasing adjustments for payments made to third parties.'.

13. Footnote 29

Omit the footnote; substitute:

²⁹ There is no requirement to hold an adjustment note for a decreasing adjustment of \$75 or less (see subsection 29-80(2) and regulation 29-80.02 of the *A New Tax System (Goods and Services Tax) Regulations 1999*).

were required to lodge a GST return for the tax period to which the input tax credits would have been attributable under subsections 29-10(1) or 29-10(2). Further, section 93-15 denies entitlement to an input tax credit for a creditable acquisition if GST has ceased to be payable on the relevant supply and a tax invoice was not held at that time. However, you do not cease to be entitled to an input tax credit if section 93-10 is met.

^{27B} Subsection 29-70(1A) enables a recipient to treat a document as a tax invoice if the document does not contain certain information as required by subsection 29-70(1) and all of that information can be ascertained from one or more documents issued by the supplier to the recipient. See paragraphs 42 to 50 of GSTR 2013/2 for more information.

14. Paragraph 46

At the end of the paragraph, insert 'Division 156 does not apply to a supply or acquisition of goods or credit under a hire purchase agreement.^{35A}'.

15. Paragraph 53

After the paragraph, insert:

Special attribution rules for hire purchase agreements entered into on or after 2 July 2012

53A. If you account for GST on a cash basis and you make an acquisition under a hire purchase agreement entered into on or after 2 July 2012, the GST law applies to that acquisition as though you do not account on a cash basis.^{36A}

53B. This means that you are treated as though you do not account on a cash basis for the purposes of determining:

- the tax period to which any input tax credit for your acquisition is attributable; and
- the tax period to which any adjustment you have (that arises in relation to your acquisition)^{36B} is attributable.

16. Footnote 37

Omit the footnote; substitute:

³⁷ Refer to GSTR 2006/2.

17. Paragraph 78

Omit 'page 54' from the last sentence; substitute 'page 59'.

18. Paragraph 79

Omit 'page 56' from the last sentence; substitute 'page 61'.

19. Paragraph 83

Omit 'page 59' from the last sentence; substitute 'page 64'.

^{35A} See paragraphs 192 to 207 of this Ruling.

^{36A} Section 158-5

^{36B} Note that, for the purposes of determining whether you have any bad debt adjustments under Division 22 in relation to your acquisition, you are treated as though you do not account for GST on a cash basis. Section 158-5 also extends to representatives of incapacitated entities that are entitled to input tax credits, or are required to make adjustments, under subsection 58-10(1) for an acquisition made under a hire purchase agreement entered into on or after 2 July 2012.

20. Paragraph 87

Omit 'page 61' from the last sentence; substitute 'page 66'.

21. Paragraph 92

Omit 'page 65' from the last sentence; substitute 'page 70'.

22. Paragraph 99

Omit 'page 69' from the last sentence; substitute 'page 74'.

23. Paragraph 105

(a) After the heading 'Supplies and acquisitions made under hire purchase agreements'; insert:

104A. The GST law recognises that a hire purchase agreement involves both the supply and acquisition of goods and the supply and acquisition of credit.

(b) Omit 'paragraphs 208 to 213'; substitute 'paragraphs 208 to 212 and paragraph 213'.

24. Paragraph 106

(a) After the heading 'Application of any relevant special attribution rule'; insert:

105A. Section 158-5 provides that, if you account for GST on a cash basis and you make an acquisition under a hire purchase agreement entered into on or after 2 July 2012, the GST law applies to that acquisition as though you do not account on a cash basis.^{52A}

105B. This means that you are treated as though you do not account on a cash basis for the purposes of determining:

- the tax period to which any input tax credit for the acquisition is attributable; and
- the tax period to which any adjustment you have (that arises in relation to the acquisition) is attributable

^{52A} If you are a representative of an incapacitated entity (as defined in section 195-1), the GST law applies to an input tax credit to which you are entitled or an adjustment you have under subsection 58-10(1) for an acquisition under a hire purchase agreement entered into on or after 2 July 2012 as though you do not account on a cash basis.

(b) Omit 'agreement because:' substitute 'agreement. For acquisitions made under a hire purchase agreement entered into before 2 July 2012, this is because:'.

(c) After the paragraph; insert:

106A. For acquisitions made under a hire purchase agreement entered into on or after 2 July 2012, section 156-23 expressly provides that, for the purposes of Division 156, a supply or acquisition of goods or credit under a hire purchase agreement is treated as not being a supply or acquisition made on a progressive or periodic basis. Paragraph 5.38 of the Explanatory Memorandum to Tax Laws Amendment (2011 Measures No. 9) Bill 2011 confirms that section 156-23 was intended to clarify the then-existing treatment of goods acquired under a hire purchase agreement (rather than produce a different outcome). Section 156-23 also ensures that the credit component supplied and acquired under a hire purchase agreement entered into on or after 2 July 2012 is also not treated as a supply or acquisition made on a progressive or periodic basis.

25. Paragraph 190

After the paragraph; insert:

190A. The GST law recognises that a hire purchase agreement involves both the supply and acquisition of goods and the supply and acquisition of credit.

26. Paragraph 192

Omit the heading 'Does the special rule in Division 156 apply to supplies and acquisitions under hire purchase agreements?'; substitute 'Does the special rule in Division 156 apply to a supply or acquisition of goods under hire purchase agreements?'.

27. Paragraph 193

After the paragraph, insert:

193A. Section 156-23 provides that, for the purposes of Division 156, a supply or acquisition of goods or credit under a hire purchase agreement entered into on or after 2 July 2012 is treated as not being a supply or acquisition made on a progressive or periodic basis.

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193B. Paragraph 5.38 of the relevant Explanatory Memorandum^{58A} confirms that section 156-23 was intended to clarify the then-existing treatment of goods acquired under a hire purchase agreement (rather than produce a different outcome).

28. Paragraph 194

Omit paragraph; substitute:

194. The Commissioner's view is that Division 156 does not apply to a supply or acquisition of goods under a hire purchase agreement entered into before 2 July 2012. This is because:

- (a) the supply or acquisition of goods under a hire purchase agreement is not a supply or acquisition for a period or on a progressive basis and so does not fall within section 156-5 or section 156-10; and
- (b) a hire purchase agreement is not similar to a lease or hire arrangement and so does not fall within section 156-22.

29. Paragraph 201

Omit the paragraph, including the footnote.

30. Paragraph 205

(a) Omit the heading 'Alternative view about the application of Division 156'; substitute 'Alternative view about the application of Division 156 to a supply or acquisition of goods made under hire purchase agreements entered into before 2 July 2012'.

(b) After 'hire purchase agreements'; insert 'entered into before 2 July 2012'.

^{58A} Explanatory Memorandum to Tax Laws Amendment (2011 Measures No. 9) Bill 2011.

31. Paragraph 208

Omit paragraph including the heading; substitute:

Application of the basic attribution rules – hire purchase agreements entered into before 2 July 2012

208. The application of the basic attribution rules to supplies and acquisitions of goods under hire purchase agreements entered into before 2 July 2012 is the same as for a supply or acquisition of goods under an ordinary sale agreement. Note that there is no GST payable on the provision of an interest in credit under a hire purchase agreement entered into before 2 July 2012 where it is provided for a separate charge, and the charge is disclosed to the recipient of the goods.^{60A}

32. Paragraph 212

After the paragraph; insert:

Attribution rules – hire purchase agreements entered into on or after 2 July 2012

212A. A supply of credit under a hire purchase agreement entered into on or after 2 July 2012 is not an input taxed financial supply as it is covered by item 20 of the table in regulation 40-5.12. The supply of credit is a taxable supply where the requirements of section 9-5 are satisfied.

212B. Section 158-5 modifies the basic attribution rules if you account on a cash basis in respect to acquisitions made under a hire purchase agreement entered into on or after 2 July 2012. Under the modified rules, a taxpayer applies the attribution rules in relation to:

- an acquisition it makes under a hire purchase agreement; or
- if the taxpayer is a representative of an incapacitated entity (as defined in section 195-1) — an input tax credit to which it is entitled, or an adjustment that it has, under subsection 58-10(1) for an acquisition made under a hire purchase agreement

as if it does not account on a cash basis.

212C. Section 158-5 applies for the purposes of the entire GST Act and the GST Regulations. This means that, in addition to modifying the basic attribution rules under Divisions 19 and 29, section 158-5 also ensures that other provisions apply to the acquisition (or input tax credit or adjustment) as though the taxpayer does not account for GST on a cash basis, including:

^{60A} See item 8 of the table in subregulation 40-5.09(3) of the GST Regulations.

- subsection 21-15(2) (bad debts written off (creditable acquisitions));
- subsection 66-15(2) (attributing input tax credits for creditable acquisitions of second-hand goods); and
- subsections 90-35(1) and (2) (amalgamating companies accounting on a cash basis).

212D. If you account for GST on a cash basis and you make a taxable supply of goods under a hire purchase agreement entered into on or after 2 July 2012, the GST payable on the supply is attributable to the tax periods in which you receive consideration for the supply, but only to the extent that the consideration is received in those tax periods.

33. Paragraph 213

Omit the paragraph, including the footnote; substitute:

213. If you do not account for GST on a cash basis, you apply the basic attribution rules to GST payable for taxable supplies or input tax credits for creditable acquisitions made under a hire purchase agreement entered into on or after 2 July 2012 as referred to in paragraphs 209 and 212 of this Ruling.

Example 6

213A. Jenny carries on an enterprise with a turnover of \$1.5 million. The business is registered for GST, reports on a quarterly basis, and accounts on a cash basis. On 20 July 2012, Jenny enters into another hire purchase agreement with PQW Pty Ltd to purchase a delivery vehicle for her business for \$55,000. The scheduled credit charges over the term of the hire purchase agreement are identified in the agreement as totalling \$5,500 (GST-inclusive). PQW Pty Ltd issues a tax invoice to Jenny on 20 July 2012.

213B. As the hire purchase agreement was entered into on or after 2 July 2012, the supply of credit made by PQW Pty Ltd is a taxable supply and not an input taxed financial supply. PQW Pty Ltd is liable for GST of \$5,500 (1/11th of the total consideration of \$60,500) which is attributed to the quarter ending 30 September 2012.

213C. Even though Jenny accounts for GST on a cash basis, section 158-5 operates so that Jenny can attribute an input tax credit entitlement of \$5,500 to the quarter ending 30 September 2012.

34. Paragraph 217

After the paragraph; insert:

217A. Adjustments for adjustment events are attributed to the tax period in which you become aware of the adjustment.^{65A} If you account on a cash basis and the adjustment event requires you to provide consideration, the adjustment is attributable to the tax period in which you provide the consideration. However, if you provide only part of the consideration in a tax period, you attribute that part of the adjustment to that tax period.^{65B}

217B. This rule is modified under section 158-5 where the adjustment event arises in relation to an acquisition made under a hire purchase agreement entered into on or after 2 July 2012, and you account for GST on a cash basis. The modified rule results in the adjustment being attributed as if you do not account on a cash basis.

217C. If you have a decreasing adjustment from an adjustment event, but you do not hold an adjustment note at the time you lodge your BAS for the tax period to which the adjustment would otherwise be attributable, the adjustment is not attributable to that period.^{65C} Instead, the adjustment is attributable to the first tax period for which you lodge your BAS whilst holding an adjustment note for the adjustment.^{65D}

35. Footnote 70

Omit the footnote; substitute:

⁷⁰ Goods and Services Tax Ruling GSTR 2000/35 *Goods and services tax: Division 156 – supplies and acquisitions made on a progressive or periodic basis.*

36. Detailed contents list

(a) Omit:

<i>A supply or acquisition in which possession of goods passes, but title in the goods will, or may, pass at some time in the future (paragraph 29-25(2)(a))</i>	105
<i>Supplies and acquisitions made under hire purchase agreements</i>	105
<i>Application of any relevant special attribution rule</i>	106

^{65A} Subsection 29 20(1).

^{65B} Subsection 29-20(2).

^{65C} There is no requirement to hold an adjustment note for a decreasing adjustment of \$75 or less (see subsection 29 80(2) and regulation 29 80.02 of the *A New Tax System (Goods and Services Tax) Regulations 1999*).

^{65D} Subsection 29 20(3).

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<i>Does the special rule in Division 156 apply to supplies and acquisitions under hire purchase agreements?</i>	192
<i>Alternative view about the application of Division 156</i>	205
<i>Application of the basic attribution rules</i>	208
Schedule 1	page 54
Schedule 2	page 56
Schedule 3	page 59
Schedule 4	page 61
Schedule 5	page 65
Schedule 6	page 69
(b) Substitute:	
<i>A supply or acquisition in which possession of goods passes, but title in the goods will, or may, pass at some time in the future (paragraph 29-25(2)(a))</i>	104A
<i>Supplies and acquisitions made under hire purchase agreements</i>	104A
<i>Application of any relevant special attribution rule</i>	105A
<i>Does the special rule in Division 156 apply to a supply or acquisition of goods under hire purchase agreements?</i>	192
<i>Alternative view about the application of Division 156 to a supply or acquisition of goods made under hire purchase agreements entered into before 2 July 2012</i>	205
<i>Application of the basic attribution rules – hire purchase agreements entered into before 2 July 2012</i>	208
Schedule 1	page 59
Schedule 2	page 61
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(c) Insert:	
<i>Special attribution rules for hire purchase agreements entered into on or after 2 July 2012</i>	53A
<i>Attribution rules – hire purchase agreements entered into on or after 2 July 2012</i>	212A
<i>Example 6</i>	213A

37. Related Rulings/Determinations

Insert 'GSTR 2000/2; GSTR 2000/7; GSTR 2000/13; GSTR 2000/28; GSTR 2000/35; GSTR 2006/2

38. Legislative references

(a) Omit:

- ANTS(GST)R99 Div 72
- ANTS(GST)R99 Div 99
- ANTS(GST)R99 Div 129
- ANTS(GST)R99 29-70.01
- ANTS(GST)R99 29-71

(b) Insert:

- ANTS(GST)A99 21-15(2)
- ANTS(GST)A99 29-10(4)
- ANTS(GST)A99 29-70(1A)
- ANTS(GST)A99 66-15(2)
- ANTS(GST)A99 Div 72
- ANTS(GST)A99 90-35(1)
- ANTS(GST)A99 Div 93
- ANTS(GST)A99 93-5(1)
- ANTS(GST)A99 93-10
- ANTS(GST)A99 93-15
- ANTS(GST)A99 Div 99
- ANTS(GST)A99 Div 129
- ANTS(GST)A99 156-23
- ANTS(GST)A99 Div 158
- ANTS(GST)A99 158-5
- ANTS(GST)R99 29-80.02
- ANTS(GST)R99 33-15.07
- ANTS(GST)R99 40-5.09(3)

39. Other references

Insert:

- Explanatory Memorandum to the Tax Laws Amendment (2011 Measures No. 9) Bill 2011

This Addendum applies both before and after its date of issue, subject to the commencement and application provisions of each amending Act or Regulation to which it refers.

Commissioner of Taxation

11 December 2013

ATO references

GSTR 2000/29

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