

# Cover sheet for: GSTR 2002/2A6 - Addendum

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## Addendum

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### Goods and Services Tax Ruling

#### Goods and services tax: GST treatment of financial supplies and related supplies and acquisitions

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Ruling GSTR 2002/2 to reflect the High Court decision in *Travelex v. Commissioner of Taxation* [2010] HCA 33; 2010 ATC 20-214; (2010) 76 ATR 329 (*Travelex*).

The Addendum also updates the ATO view of certain transactions in light of the *Travelex* decision.

The Addendum also updates the Date of Effect section of the Ruling.

#### **GSTR 2002/2 is amended as follows:**

##### **1. Paragraph 6**

Omit the paragraph; substitute:

6. This Ruling explains the Commissioner's view of the law as it applies both before and after its date of issue (subject to the following notes). You can rely upon this Ruling on and from its date of issue for the purposes of section 357-60 of Schedule 1 to the *Taxation Administration Act 1953* (TAA).

**Note 1:** The Addendum to this Ruling that issued on 25 February 2004, explains our view of the law as it applied both before and after its date of issue.

**Note 2:** The Addendum to this Ruling that issued on 15 August 2007, explains our view of the law as it applied from 1 July 2007.

**Note 3:** The Addendum to this Ruling that issued on 5 March 2008, explains our view of the law as it applied from 5 March 2008

**Note 4:** The Addendum to this Ruling that issued on 17 June 2009, explains our view of the law as it applied from 1 October 2005.

**Note 5:** The Addendum to this Ruling that issued on 16 May 2012, explains our view of the law as it applied both before and after its date of issue.

However, if prior to the issue of an Addendum, you relied on the public Ruling that the Addendum amended, you are protected in respect of what you have done up to the date of issue of that Addendum.

## 2. Paragraphs 6A & 6B

Omit the paragraphs.

## 3. Paragraph 288

After the paragraph; insert:

288A However a financial supply will not be input taxed to the extent that it is GST-free. Unless specifically noted at a particular item, Schedule 2 does not discuss in what circumstances a particular supply may be GST-free under subsection 38-190(1). Reference should be made to paragraphs 144 to 170 of this Ruling for guidance on the application of subsection 38-190(1) to financial supplies.

## 4. Schedule 2 – Explanatory notes in boxed text at commencement of the Schedule

(a) In note 1, second paragraph, omit:

In this table the listed fees, charges and payments are given a GST status which technically corresponds to the supply for which they are given as consideration. For example, fees paid as part of the consideration for a loan is categorised as 'input taxed'.

Substitute:

In this table the listed fees, charges and payments are given a GST status which technically corresponds to the supply for which they are given as consideration. For example, fees paid as part of the consideration for a loan are categorised as 'input taxed'.

(b) After note 4, insert:

4A. The fact that something is not specifically mentioned in Schedule 2 as being GST-free wholly or in part under subsection 38-190(1) does not mean it is not, or cannot be covered by that provision. Reference should be made to paragraph 288A of this Ruling.

## 5. Schedule 2 – Line No. A117

In column 5, omit the text; substitute:

For credit, debit & charge cards<sup>Ⓞ</sup> with ADIs see line items A21 to 23. For cards with non-ADIs see line items B31 to B49. For prepaid travel cards or similar cards that are denominated in a foreign currency refer to line F16.

**6. Schedule 2 – Line No. A118**

In column 5, omit the text; substitute:

See the Glossary for a definition of a stored value card<sup>Φ</sup>. For prepaid travel cards or similar cards that are denominated in a foreign currency refer to line F16.

**7. Schedule 2 – Line No. B41**

In column 5, insert:

The annual fee will be consideration for a GST-free supply under item 4 of subsection 38-190(1) to the extent that the cardholder intends using the credit card facility when the cardholder is outside Australia.

**8. Schedule 2 – Line No. B44**

Omit line B44; substitute:

B44	<ul style="list-style-type: none"> <li>Fee for effecting an ATM<sup>Φ</sup> transaction</li> </ul>	40-5.09(3) Item 1 & 2 and 40-5.09(4A)	Input taxed	Fees for overseas ATM transactions may be consideration for a GST-free supply under section 38-190. See paragraphs 144-170 of this Ruling
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**9. Schedule 2 – Line No. F4**

Omit line F4; substitute:

F4	<ul style="list-style-type: none"> <li>Foreign currency notes<sup>Φ</sup> where the recipient intends to use the notes outside of Australia</li> </ul>	Subsection 38-190(1) Item 4	GST-free	If the recipient of the notes intends to use the notes in Australia, e.g. to supply the notes to another entity in Australia, the supply of the notes to the recipient will not be GST free, but will be input taxed under Item 9 of subregulation 40-5.09(3).
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**10. 11. Schedule 2 – Line No. F15**

After line F15, insert:

F16	Fees for prepaid travel cards or similar cards to the extent loaded with foreign currency	Subsection 38-190(1) Item 4	GST-free	Only GST-free to the extent the card is intended to be used when the cardholder is outside Australia. To the extent the supply is not GST-free, it will be input taxed under item 1 or item 9 of subregulation 40-5.09(3).
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**11. Case references**

Insert:

- *Travellex v. Commissioner of Taxation* [2010] HCA 33; 2010 ATC 20-214; (2010) 76 ATR 329

**Date of effect**

This Addendum applies both before and after its date of issue.

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**Commissioner of Taxation**16 May 2012

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ATO references

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