


# ***GSTR 2003/11A1 - Addendum - Goods and services tax: payment on early termination of a lease of goods***

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## Addendum

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### Goods and Services Tax Ruling

#### Goods and services tax: payment on early termination of a lease of goods

This Addendum amends Goods and Services Tax Ruling GSTR 2003/11 to reflect amendments to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act). In particular, the Addendum updates GSTR 2003/11 for amendments made to Subdivision 29-C.

The amendments to Subdivision 29-C are in relation to tax invoices and apply to net amounts for tax periods starting on or after 1 July 2010.

This Addendum also makes further minor amendments to GSTR 2003/11 for other minor technical changes and to update the references section of GSTR 2003/11.

#### **GSTR 2003/11 is amended as follows:**

**1. Paragraph 1**

In the third dot point, omit 'State or Territory'; substitute 'Commonwealth'.

**2. Footnote 2**

Omit footnote; substitute:

<sup>2</sup>See for example, subsection 179(1) of the *National Consumer Credit Protection Act 2009* (Cth).

**3. Date of Effect**

Omit paragraphs 6 and 7; substitute:

6. This Ruling applies both before and after its date of issue. However, this Ruling will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

7. Changes made to this Ruling by the Addendum that issued on 24 April 2013 have been incorporated into this version of the Ruling.<sup>5A</sup>

#### 4. Paragraph 10

In the third dot point, omit 'State or Territory'; substitute 'Commonwealth'.

#### 5. Footnote 6

Omit the footnote; substitute:

<sup>6</sup>See for example, subsection 179(1) of the *National Consumer Credit Protection Act 2009* (Cth).

#### 6. Footnote 9

Omit the footnote; substitute:

<sup>9</sup>The following analysis is based on GSTR 2001/4.

#### 7. Paragraph 21

Omit 'section 9-15'; substitute 'sections 9-15 and 9-17'.

#### 8. Paragraph 51

(a) In the associated heading, omit 'State or Territory'; substitute 'Commonwealth'.

(b) Omit 'State or Territory consumer credit legislation'; substitute 'the *National Consumer Credit Protection Act 2009* (Cth)'.

#### 9. Paragraph 52

Omit the first two sentences including footnote 27; substitute:

Part 11 of the *National Consumer Credit Protection Act 2009* (Cth) regulates certain consumer leases relating to goods and also confers statutory rights on the lessee which cannot be excluded by agreement between parties.

#### 10. Paragraph 53

Omit 'Part 10 of the Code'; substitute 'The *National Consumer Credit Protection Act 2009* (Cth)'.

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<sup>5A</sup> Refer to the Addendum to see how it amends this Ruling.

**11. Paragraph 54**

Omit 'Part 10 of the Code'; substitute 'Part 11 of the *National Consumer Credit Protection Act 2009 (Cth)*'.

**12. Footnote 28**

Omit the footnote; substitute:

<sup>28</sup> See subsection 179(1) of the *National Consumer Credit Protection Act 2009 (Cth)*.

**13. Footnote 29**

Omit the footnote; substitute:

<sup>29</sup> See subsection 179(2) of the *National Consumer Credit Protection Act 2009 (Cth)*.

**14. Paragraph 56**

Omit 'Part 10 of the Code'; substitute 'Part 11 of the *National Consumer Credit Protection Act 2009 (Cth)*'.

**15. Paragraph 58**

Omit 'Part 10 of the Code'; substitute 'Part 11 of the *National Consumer Credit Protection Act 2009 (Cth)*'.

**16. Paragraph 104**

Insert 'Commonwealth' after the words 'or under'.

**17. Paragraph 105**

In the associated heading insert 'Commonwealth' after the words 'or under'.

**18. Paragraph 108**

In the associated heading insert 'Commonwealth' after the words 'or under'.

**19. Paragraph 110**

Insert 'Commonwealth' after the words 'or under'.

## 20. Footnote 67

Omit the footnote; substitute:

<sup>67</sup> Assuming the notice meets the requirements for a tax invoice or the lessor provides a separate tax invoice which the lessee holds when it lodges its return. Paragraphs 109 to 111 of GSTR 2013/1 discuss the requirements for a tax invoice in the context of supplies made for a period or on a progressive basis, such as a supply by way of lease.

## 21. Paragraph 129

Under the example headed 'Voluntary termination' omit 'Consumer Credit Code' and substitute '*National Consumer Credit Protection Act 2009 (Cth)*'.

## 22. Paragraph 168

In the last sentence of the example, omit 'Consumer Credit Code' and substitute '*National Consumer Credit Protection Act 2009 (Cth)*'.

## 23. Detailed contents list

Omit:

Early termination pursuant to State or Territory consumer credit legislation	51
Alternative view on the GST treatment of early termination resulting from exercising a right to terminate early either in accordance with the original terms of the lease or under consumer credit legislation- Payments made on early termination by the lessee under the original terms of the lease are not consideration for a supply	105
Alternative view on the GST treatment of early termination resulting from exercising a right to terminate early in accordance with the original terms of the lease, under a separate agreement or under consumer credit legislation- Payments made on early termination are compensatory and do not have a sufficient nexus with a supply	108

Substitute:

Early termination pursuant to Commonwealth consumer credit legislation	51
Alternative view on the GST treatment of early termination resulting from exercising a right to terminate early either in accordance with the original terms of the lease or under Commonwealth consumer credit legislation- Payments made on early termination by the lessee under the original terms of the lease are not consideration for a supply	105

Alternative view on the GST treatment of early termination resulting from exercising a right to terminate early in accordance with the original terms of the lease, under a separate agreement or under Commonwealth consumer credit legislation- Payments made on early termination are compensatory and do not have a sufficient nexus with a supply

108

#### **24. Related Rulings/Determinations**

Omit 'GSTR 1999/1; GSTR 2000/17'; substitute 'GSTR 2013/1; TR 2006/10'.

#### **25. Legislative references**

Omit:

- Consumer Credit (ACT) A95 4
- Consumer Credit (NSW) A95 5
- Consumer Credit (NT) A95 4
- Consumer Credit (Qld) A94
- Consumer Credit (Qld) Code Part 10
- Consumer Credit (Qld) Code 157
- Consumer Credit (Qld) Code 157(1)
- Consumer Credit (Qld) Code 157(2)
- Consumer Credit (SA) A95 5
- Consumer Credit (Tas) A96 5
- Consumer Credit (Vic) A95 5
- Consumer Credit (WA) A96
- Consumer Credit (WA) Code Part 10

Insert:

- ANTS(GST)A99 9-15(2)
- ANTS(GST)A99 9-17
- ANTS(GST)A99 29-70(1)
- National Consumer Credit Protection Act 2009 (Cth) Pt 11
- National Consumer Credit Protection Act 2009 (Cth) 179(1)
- National Consumer Credit Protection Act 2009 (Cth) 179(2)

#### **26. APPENDIX A**

Omit from the second paragraph 'Consumer Credit Code'; substitute '*National Consumer Credit Protection Act 2009 (Cth)*'.

#### **27. APPENDIX B**

Omit the last sentence in the second paragraph; substitute 'The lease is not regulated by Commonwealth consumer credit legislation.'

# GSTR 2003/11

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This Addendum explains the Commissioner's view of the law as it applies from 1 July 2010.

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## Commissioner of Taxation

24 April 2013

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### ATO references

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