

GSTR 2004/1A6 - Addendum - Goods and services tax: reduced credit acquisitions

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Addendum

Goods and Services Tax Ruling

Goods and services tax: reduced credit acquisitions

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Ruling GSTR 2004/1 to clarify that where a financial supply does not involve the supply of an interest, the ordinary meaning of 'financial supply provider' and 'financial supply facilitator' applies.

It also amends GSTR 2004/1 to clarify that the supply in example 50 relates to a financial supply, as the recovery of a debt is not a supply in itself.

It also amends GSTR 2004/1 to clarify when item 29 in the table to regulation 70-5.02 applies to an acquisition that attracts a reduced input tax credit.

GSTR 2004/1 is amended as follows:

1. Paragraph 31

Omit the first sentence and substitute 'A financial supply facilitator, in relation to a supply of an interest,^{11A} is defined in regulation 40-5.07 to be an entity facilitating the supply of an interest for a financial supply provider.'

2. Paragraph 36

At the end of the first sentence, insert:

^{13A} For a limited exception refer to footnote 11A.

^{11A} The definition of financial supply facilitator in regulation 40-5.07 only applies 'in relation to the supply of an interest'. Where a financial supply made under regulations 40-5.09(4), (4A) and 40-5.10, does not involve the supply of an interest, 'financial supply facilitator' takes its ordinary meaning. The financial supply facilitator is the entity that facilitates the financial supply for the entity making the financial supply.

3. Paragraph 431

In the first sentence, omit 'overdue account.'; substitute 'overdue loan account.'^{62A}

4. Paragraph 651

After the paragraph, insert:

651A. Item 27 can apply to reduced credit acquisitions where the relevant supply is not the supply of an interest, even though the definitions of 'financial supply provider' and 'financial supply facilitator' are in relation to the supply of an interest.^{92AA} For example, the supply of an ATM service covered by subregulation 40.09(4A) is not dependent on it being the supply of an interest.^{92AAA} Furthermore, by their nature, ATM services are not a supply of an interest. When considering the application of item 27 to an acquisition in relation to a financial supply of ATM services, the terms 'financial supply facilitator' and 'financial supply provider' have their ordinary meanings.

651B. Therefore, in the context of item 27, an entity that is facilitating a financial supply of ATM services is a financial supply facilitator, and the entity that is making the supply of ATM services is a financial supply provider.

5. Paragraph 688

Omit the paragraph, substitute:

688. An acquisition of a secure cash transport service, that is not a cash delivery or collection from branches of Australian ADIs, is an acquisition of a custodial service under item 29 even though such an acquisition would not normally be provided by a trustee or custodian. The words *without purchase, sale or transfer of assets* do not exclude the acquisition of secure transport services where the cash is also sold or purchased by the secure cash transport service provider as part of the service.

^{62A} The recovery of a debt is not itself a supply (paragraph 111 of GSTR 2008/1), therefore an entity will need to consider if the debt relates to a financial supply or not. In this case the debt recovery relates to a financial supply of a loan made by Chameleon.

^{92AA} Refer to footnote 11A. The same rationale applies to the meaning of financial supply provider.

^{92AAA} The nature of an ATM service is not one where the service supplied falls within the definition of an 'interest' in regulation 40-5.02.

This Addendum applies on and from 20 August 2014.

Commissioner of Taxation
20 August 2014

ATO references

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