



Explanatory Statement

A New Tax System (Goods and Services Tax) (Waiver of Tax Invoice Requirement – Direct Entry Services) Determination 2025

General outline of instrument

1. This instrument is made under subsection 29-10(3) of the *A New Tax System (Goods and Services Tax) Act 1999* (the Act).
2. This instrument waives the requirement for a recipient of a supply of a Direct Entry Service, in certain circumstances, to hold a tax invoice before the relevant input tax credit will be attributable to a tax period.
3. The instrument is a legislative instrument for the purposes of the *Legislation Act 2003*.
4. Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws) the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Date of effect

5. This instrument commences on the day after it is registered on the Federal Register of Legislation.

Background

6. Generally, when a recipient makes a creditable acquisition, an input tax credit for the acquisition is not attributable to a tax period until they hold a tax invoice. A tax invoice is a document that meets the requirements in subsection 29-70(1) of the Act.
7. In some cases, the requirement for the recipient to hold a tax invoice that meets the requirements in subsection 29-70(1) of the Act may impose a disproportionate burden on a supplier or recipient, particularly if they hold another document that has most of the required features of a tax invoice.
8. The Direct Entry System (also known as the Bulk Electronic Clearing System) allows for high volume electronic debit and credit payments. It is used by businesses and government entities to make regular automated payments to and from bank accounts including direct debit and direct credit transactions.
9. Direct entry is used for such payments as internet banking transactions and direct debit and direct credit instructions. It is generally used for smaller day-to-day payments, but is available for payments up to \$100 million. Payments collected from customers' bank accounts are 'direct debits' and payments sent to customers' bank accounts are 'direct credits'.
10. Direct entry services are defined in the instrument to mean the processing of an entity's direct credit and direct debit payments by an Australian ADI (authorised deposit-taking institution). These services are a taxable supply and under the normal rules, a recipient is required to hold a tax

invoice before attributing any entitlement to an input tax credit. These payments may also be known in the industry as direct entry files.

11. Due to the high volume of transactions, it may present difficulties for entities if they are required to hold a tax invoice for each and every creditable acquisition of direct entry services.

12. Subsection 29-10(3) of the Act allows the Commissioner to determine, by legislative instrument, circumstances in which the requirement to hold a tax invoice does not apply.

13. This instrument repeals and replaces *A New Tax System (Goods and Services Tax) Act 1999 Waiver of Tax Invoice Requirement Determination (No.30) 2015* which would otherwise sunset on 1 October 2025. The instrument has the same substantive effect as the one it is replacing.

Effect of this instrument

14. This instrument waives the requirement for a recipient of a supply of a direct entry service, in certain circumstances, to hold a tax invoice in order to attribute the relevant input tax credit to a tax period where the requirements in section 6 are satisfied.

15. Under paragraph 6(a) the recipient must make a creditable acquisition of a direct entry service from an Australian ADI which can include direct credit payments (such as salary and welfare payments), direct debit payments (such as utility bills), and consumer 'pay anyone' bank transfers.

16. Paragraph 6(b) requires that the recipient hold a document at the time that they give the GST return to the Commissioner from the Australian ADI that meets the information requirements listed in section 7. These information requirements ensure the integrity of the GST system and require sufficient information to allow a number of key matters to be determined, including the nature of the transaction and the identity of the recipient and the supplier.

17. Under section 7 the document must include the following information:

- the recipient's name
- the recipient's ABN or address, and
- for each acquisition of Direct Entry Services for which the recipient may claim an input tax credit:
 - the date recipient made the acquisition
 - the supplier's name (the standard three letter code used within the Australian ADI industry to identify Australian ADIs is acceptable)
 - the supplying Australian ADI's ABN or GST branch Registration Number
 - the description of the acquisition, for example, 'DE Fee'
 - (the amount of consideration payable by the recipient for the acquisition, and
 - the amount of GST payable in relation to the consideration payable.

Compliance cost assessment

18. Compliance cost impact: minor – there will be no additional regulatory impacts as the instrument is minor and machinery in nature (OIA25-09518).

Consultation

19. Subsection 17(1) of the *Legislation Act 2003* requires the Commissioner to be satisfied that appropriate and reasonably practicable consultation has been undertaken before they make an instrument.

20. Public consultation on the draft instrument and explanatory statement was undertaken for a period of 4 weeks commencing 28 May 2025.
21. The draft instrument and draft explanatory statement were published on the ATO Legal database and publicised on the database's 'What's new' page. Major tax and superannuation publishers and associations commonly monitor these pages and usually include the details in the daily and weekly alerts and newsletters to their subscribers and members.
22. No feedback was received on the draft instrument and explanatory statement during the consultation period.

Statement of compatibility with human rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

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This legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the legislative instrument

This legislative instrument waives the tax invoice requirement for entities who make creditable acquisitions of Direct Entry Services, in certain circumstances.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms, as it merely waives the requirement for a recipient of a supply of Direct Entry Services to hold a tax invoice in certain circumstances.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.