



Explanatory Statement

A New Tax System (Goods and Services Tax) (Attribution Rules – Certain Motor Vehicle Incentive Payments made to Motor Vehicle Dealers) Determination 2026

General outline of instrument

1. This instrument is made under subsection 29-25(1) of the *A New Tax System (Goods and Services Tax) Act 1999* (the Act).
2. The instrument allows a motor vehicle dealer to attribute the GST on the sale of a motor vehicle to the tax period in which the dealer knows the total amount they will receive for that vehicle. This would usually be when they enter into a contract with the customer to sell the vehicle. The instrument only applies in circumstances where the dealer receives an amount as an incentive payment from the vehicle manufacturer, distributor or importer in an earlier tax period, which forms a part of the total amount they will receive for the vehicle, or if the dealer issues an invoice for that incentive payment in the earlier tax period.
3. The instrument will help ensure that the motor vehicle dealer can attribute the correct amount of GST to the appropriate tax period.
4. The instrument is a legislative instrument for the purposes of the *Legislation Act 2003*.
5. 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

6. This instrument commences on the day after it is registered on the Federal Register of Legislation.
7. This instrument repeals and replaces the *A New Tax System (Goods and Services Tax) (Particular Attribution Rules for Certain Motor Vehicle Incentive Payments Made to Motor Vehicle Dealers) Legislative Instrument 2015* that would otherwise sunset on 1 April 2026. The instrument has the same substantive effect as the one it is replacing.

Background

8. Division 29 of the Act sets out the basic attribution rules for attributing GST, input tax credits and adjustments to a tax period. There are also some special attribution rules in Chapter 4 of the Act that affect the basic attribution rules.
9. Under the basic attribution rules, a motor vehicle dealer who makes a taxable supply of a motor vehicle would need to attribute GST on that supply:
 - (a) if they account on a non-cash basis, to the tax period in which any of the consideration for the supply is received or, if before any consideration is received, the tax period in which an invoice for the supply is issued, or

- (b) if they account on a cash basis, to the tax period in which they receive consideration for the supply but only to the extent that the consideration is received in that tax period.

10. Motor vehicle dealers sometimes receive certain motor vehicle incentive payments (such as fleet rebates and run-out model support) from a manufacturer, distributor or importer to incentivise them to sell certain makes or models of motor vehicles to customers. These incentive payments may be third-party consideration provided to the motor vehicle dealer for the supply of those motor vehicles to the customers. Where this is the case, these incentive payments form part of the total consideration for the supply of the motor vehicle. The amount that a customer pays a dealer when purchasing the motor vehicle forms the remaining part of the total consideration for the supply of that motor vehicle. However, this amount will usually only be known by the dealer when they enter into a contract with the customer for the supply of the vehicle, which means the GST payable on that supply can also only be known then.

11. Under the basic attribution rules, a motor vehicle dealer would be required to attribute GST on the supply of a motor vehicle to a customer to the tax period in which the dealer receives a motor vehicle incentive payment or when they issue an invoice for that incentive payment. This is even where the dealer will not know the amount of consideration payable by the customer until later when a contract for the sale of the motor vehicle has been entered into. That is, the dealer would be required to attribute GST before they are able to accurately ascertain the total amount of consideration they will receive in relation to that supply and the amount of GST that should be attributed.

12. The application of the basic attribution rules in these circumstances would be inappropriate.

13. Section 29-25 of the Act allows the Commissioner to determine the alternate tax periods to which GST, input tax credits and adjustments are attributable where it is necessary to prevent the basic attribution rules from applying in a way that is inappropriate in certain circumstances. These include circumstances under paragraph 29-25(2)(b) of the Act where payment is made or an invoice is issued (which would otherwise trigger the basic attribution rules), but the use, enjoyment or passing of title of the supply, will occur at some time in the future including in a later tax period.

14. Relevantly, motor vehicle dealers who are liable for GST on a taxable supply of a motor vehicle that is a luxury car may also be liable to pay luxury car tax under the *A New Tax System (Luxury Car Tax) Act 1999* (LCT Act). Under subsection 13-15(1) of the LCT Act, LCT payable on a supply of a luxury car is attributable to the same tax period in which the GST payable in relation to that supply is attributable.

Effect of this instrument

15. This instrument alters some of the basic attribution rules in Division 29 of the Act for supplies of motor vehicles made by motor dealers who receive an incentive payment from a motor vehicle manufacturer, distributor or importer for their supply.

16. Under section 6, the GST payable by a motor vehicle dealer on a taxable supply of a motor vehicle is attributable to the tax period in which the dealer knows the total consideration for the supply but only in circumstances where:

- (a) the dealer receives a motor vehicle incentive payment, or issues an invoice for an incentive payment, relating to that supply in an earlier tax period
- (b) the dealer does not know the total consideration for the supply in that earlier tax period, and
- (c) the use, enjoyment or passing of title of the supply will only occur after the end of the earlier tax period.

17. A motor vehicle incentive payment is defined in the instrument and means consideration that a motor vehicle manufacturer, distributor or importer provides to a motor vehicle dealer as an

incentive to sell a motor vehicle, and that forms part of the total consideration for the supply of the motor vehicle to a customer.

18. The instrument will help ensure that the motor vehicle dealer can attribute the correct amount of GST in relation to a motor vehicle sale to the appropriate tax period in circumstances where attribution would be otherwise required under the basic rules but they only know about part (but not all) of the amount they will receive for the sale, that part being in the form of a motor vehicle incentive payment. The use, enjoyment or passing of title to the motor vehicle will only occur when or sometime after a sales contract has been entered into. As a consequence, the full amount of consideration may not be known until a later tax period. It is appropriate in these circumstances for attribution to occur in the tax period when the total consideration is known.

Example

Aybeecee Carsales is an automotive dealership selling Vosion cars and who reports GST monthly. The company that imports Vosion vehicles determines that they will no longer import the top-of-the-line model, the C34 Aeroflop, due to very slow sales. Consequently, the importer offers a motor vehicle incentive payment of \$5,000.00 per vehicle from 1 March.

Aybeecee Carsales has found the C34 Aeroflop is popular with rideshare operators in its area. Aybeecee places an order for 10 vehicles on 1 April and receives the \$5,000.00 per vehicle as an incentive payment from the importer on 15 April.

None of the vehicles are sold during the April tax period when the incentive payment is received. Therefore, Aybeecee Carsales do not have to attribute GST, or LCT, for the taxable supply of those vehicles in the April tax period as the total consideration for the supply is not known before the end of that period.

One of the vehicles is sold in the June tax period. GST and LCT payable on this taxable supply is attributed to this tax period as the total consideration relating to this supply is now known.

Compliance cost assessment

19. Compliance cost impact: Minor – There will be no additional regulatory impacts as the instrument is minor and machinery in nature (OIA25-10488).

Consultation

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

21. Public consultation was undertaken for a period of 4 weeks commencing 31 October 2025 on drafts of this instrument and explanatory statement.

22. The draft instrument and explanatory statement were published on the ATO Legal database and publicised on the database's 'What's new' and the Open Consultation page on the ATO website. Major tax and superannuation publishers and associations commonly monitor these pages and usually include the detail in the daily and weekly alerts and newsletters to their subscribers and members.

23. 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 alters the basic attribution rules in Division 29 of the *A New Tax System (Goods and Services Tax) Act 1999* for supplies of motor vehicles by motor vehicle dealers in certain circumstances where the application of those rules would be inappropriate.

Motor vehicle dealers sometimes receive certain motor vehicle incentive payments (such as fleet rebates and run-out model support) from a manufacturer, distributor or importer to incentivise them to sell certain makes or models of motor vehicles to customers. These incentive payments may form part of the total consideration for the supply of the motor vehicle. Where this is the case, the amount that a customer pays a dealer when purchasing the motor vehicle forms the remaining part of the total consideration for the supply of that motor vehicle.

The use, enjoyment or passing of title to the motor vehicle will only occur when or sometime after a sales contract has been entered into. As a consequence, the full amount of consideration (and therefore GST payable) may not be known until a later tax period. It is appropriate in these circumstances for attribution to occur in the tax period when the total consideration is known.

Under the basic attribution rules, a motor vehicle dealer would be required to attribute GST to the tax period in which they receive a motor vehicle incentive payment or when they issue an invoice for that incentive payment. This is even where the dealer will not know the amount of consideration payable by the customer until later when a contract for the sale of the motor vehicle has been entered into. The application of the basic attribution rules in these circumstances would be inappropriate.

This legislative instrument rectifies the issue by ensuring that GST payable by a motor vehicle dealer on a taxable supply of a motor vehicle is attributable to the tax period in which the dealer knows the total consideration for the supply.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms, as it merely determines the appropriate tax period in which GST on the supply of certain motor vehicles is attributable.

Conclusion

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