


Addendum 2 - Non-commercial activities of charities, cost of supply and market value tests -

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Addendum

Non-commercial activities of charities, cost of supply and market value tests

This Addendum amends the Non-commercial activities of charities, cost of supply and market value tests Industry issue to update relevant market values and examples.

The Non-commercial activities of charities, cost of supply and market value tests Industry issue is amended as follows:

1. Paragraph 137

- (a) Omit '2011'; substitute '2012'.
- (b) Omit '2012'; substitute '2013'.

2. Paragraphs 165 - 168

Omit the paragraphs, substitute

165. Parramatta Community Care provides emergency housing in their Parramatta Hostel. In addition to the accommodation they provide breakfast and dinner. Their clients make a contribution of \$100.00 per day. Using the benchmarks the market value for this supply is as follows:

Sydney accommodation rate (table 1)	\$183.00
Breakfast and dinner (\$23.65 + \$45.60) (table 1)	\$69.25
Total benchmark market value/day	\$252.25

The accommodation component is 72.55% of the total benchmark market value.

The meals component is 27.45% of the total benchmark market value.

The fee charged by Parramatta Community Care is apportioned as follows:

- The accommodation component is 72.55% of \$100 (\$72.55).
- The meals component is 27.45% of \$100 (\$27.45).

166. Therefore, both the food and accommodation provided by Parramatta Community Care would be GST-free. This is because the consideration for the supply of the accommodation component (\$72.55) is less than 75% of the benchmark market value for the accommodation (\$183.00) and the consideration for the supply of the meals component (\$27.45) is less than 50% of the benchmark market value for meals (\$69.25).

167. Similar supplies (food and accommodation) are made by Parramatta Community Care for the same contribution of \$100.00 in their Hostel located in Dubbo, NSW (a 'Tier 2' country centre rate):

Dubbo accommodation rate (table 1 – Tier 2 country centre)	\$120.00
Breakfast and dinner (\$21.15 + \$41.65) (table 1)	\$62.80
Total benchmark market value/day	\$182.80

The accommodation component is 65.65% of the total benchmark market value.

The meals component is 34.35% of the total benchmark market value.

The fee charged by Parramatta Community Care is apportioned as follows:

- The accommodation component is 65.65% of \$100 (\$65.65).
- The meals component is 34.35% of \$100 (\$34.35).

168. In this case the accommodation provided by Parramatta Community Care would be GST-free. This is because the consideration for the supply of the accommodation component (\$65.65) is less than 75% of the benchmark market value for accommodation (\$120.00). The food provided by Parramatta Community Care would be a taxable supply. This is because the consideration for the supply of the meals component (\$34.35) is greater than 50% of the benchmark market value for meals (\$62.80).

3. Paragraphs 169 - 172

Omit the paragraphs, substitute:

169. The WA Community Housing Group provides a two bedroom flat in Cannington to a single parent and two children. The client makes a contribution of \$140.00 per week. Using these guidelines the market value for this supply is:

Market value \$331.25/week

170. In this example the supply by WA Community Housing Group would be GST-free because the consideration for the supply is less than 75% of the market value.

171. The Queensland Community Housing Group provide a one bedroom apartment to a single pensioner on Centrelink payments plus a small other income. The client makes a contribution of \$210.00 per week. Using these guidelines for the market value, the market value for this supply is as follows:

Market value \$275.00/week

172. This supply would be input taxed because the consideration is 76.36% of the market value.

4. Paragraphs 173

Omit the paragraph, substitute:

173. A charity in Renmark (SA) provides home cooked midday meals to aged persons at the Community Centre. The clients make a contribution of \$8.50 per meal. Using these guidelines the market value for this supply is as follows:

Other country centre meal rate (lunch)	\$24.20
Market value	\$24.20

5. Paragraph 174(a) Omit the 5th dot point; substitute:

- Where an organisation provides services across a range of locations covered specifically by these guidelines, it is not acceptable to average the market value. For example, it is not acceptable to average short term accommodation market values for Sydney (\$183.00) and NSW other country centres (\$100.00).

(b) Omit Table 1; substitute:

Place	Accommodation	Breakfast	Lunch	Dinner	Incidentals
	\$	\$	\$	\$	\$
Adelaide	157.00	23.65	26.55	45.60	17.30
Brisbane	201.00	23.65	26.55	45.60	17.30
Canberra	165.00	23.65	26.55	45.60	17.30
Darwin	189.00	23.65	26.55	45.60	17.30
Hobart	125.00	23.65	26.55	45.60	17.30
Melbourne	173.00	23.65	26.55	45.60	17.30
Perth	176.00	23.65	26.55	45.60	17.30
Sydney	183.00	23.65	26.55	45.60	17.30
High cost* country centres	See note below	23.65	26.55	45.60	17.30
Tier 2 ** country centres	120.00	21.15	24.20	41.65	17.30
Other country centres	100.00	21.15	24.20	41.65	17.30

(c) Omit Table 2; substitute:

Country centre	\$	Country centre	\$
Ballarat (Vic)	127.00	Kalgoorlie (WA)	169.50
Bendigo (VIC)	122.00	Karratha (WA)	285.00
Broome (WA)	222.50	Katherine (NT)	120.50
Bunbury (WA)	129.00	Kununurra (WA)	182.00
Burnie (TAS)	125.00	Launceston (TAS)	126.50
Cairns (QLD)	127.00	Mackay (QLD)	153.00
Carnarvon (WA)	151.00	Maitland (NSW)	131.50
Christmas Island (WA)	150.00	Mount Isa (QLD)	158.50
Dalby (QLD)	133.50	Newcastle (NSW)	142.50
Dampier (WA)	174.50	Newman (WA)	195.00
Derby (WA)	181.50	Norfolk Island	189.50
Devonport (TAS)	128.50	Port Hedland (WA)	270.00
Echuca (VIC)	122.50	Port Pirie (SA)	135.00
Exmouth (WA)	194.00	Thursday Island (QLD)	180.00
Geelong (VIC)	131.00	Townsville (QLD)	134.50

Geraldton (WA)	146.00	Weipa (QLD)	138.00
Gladstone (QLD)	138.50	Wilpena-Pound (SA)	144.00
Gold Coast (QLD)	170.00	Wollongong (NSW)	128.00
Halls Creek (WA)	195.00	Wonthaggi (VIC)	122.00
Horn Island (QLD)	169.00	Yulara (NT)	340.00
Jabiru (NT)	198.00		

(d) Omit Table 3; substitute

Albany (WA)	Kingaroy (QLD)
Alice Springs (NT)	Mildura (VIC)
Ararat (VIC)	Mount Gambier (SA)
Armidale (NSW)	Mudgee (NSW)
Bairnsdale (VIC)	Muswellbrook (NSW)
Bathurst (NSW)	Naracoorte (SA)
Bordertown (SA)	Orange (NSW)
Bright (VIC)	Port Augusta (SA)
Broken Hill (NSW)	Portland (VIC)
Bundaberg (QLD)	Port Lincoln (SA)
Castlemaine (VIC)	Port Macquarie (NSW)
Ceduna (SA)	Queanbeyan (NSW)
Cocos (Keeling) Islands	Renmark (SA)
Coffs Harbour (NSW)	Rockhampton (QLD)
Cooma (NSW)	Roma (QLD)
Dubbo (NSW)	Seymour (VIC)
Emerald (QLD)	Swan Hill (VIC)
Esperance (WA)	Tamworth (NSW)
Gosford (NSW)	Tennant Creek (NT)
Goulburn (NSW)	Toowoomba (QLD)
Hamilton (VIC)	Tumut (NSW)
Hervey Bay (QLD)	Wagga Wagga (NSW)
Horsham (VIC)	Warrnambool (VIC)
Innisfail (QLD)	Whyalla (SA)
Kadina (SA)	

Rate \$120

(e) Omit Table 4; substitute:

Meal	Amount for capital cities and high cost country centres * \$	Amount for centres other than capital cities and high cost country centres ** \$
Breakfast	23.65	21.15
Lunch	26.55	24.20
Dinner	45.60	41.65

(f) Omit Table 5; substitute:

<i>Type of temporary accommodation</i>				
Locality	4 or more bedrooms \$	3 bedrooms \$	2 bedrooms \$	1 bedroom * \$
Adelaide	487.50	337.50	268.75	181.25
Brisbane	537.50	406.25	356.25	275.00
Canberra	656.25	418.75	406.25	262.50
Darwin	687.50	475.00	425.00	293.75
Hobart	356.25	275.00	250.00	168.75
Melbourne	725.00	550.00	418.75	293.75
Perth	531.25	362.50	331.25	200.00
Sydney	1075.00	837.50	656.25	475.00

* includes boarding house rooms.

This Addendum applies on and from 1 January 2012.

Commissioner of Taxation

18 January 2012