



Precious metal refining -

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Mining and Energy Industry Partnership

Precious metal refining

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Precious metal refining

Question 1

1. Where refining of an Entity's Doré is carried out by an Australian Refiner under an agreement containing the above principles, is it accepted that there is no taxable supply of Doré from the Entity to the Refiner?

Answer

2. Yes, it is accepted that there is no taxable supply of Doré for GST purposes by the Entity to the Refiner.

Question 2

3. Where, under the terms of the refining contract, the Entity sells the Fine Gold or Fine Silver returned by the Refiner to the Refiner, or swaps the unallocated metal to a nominated London Metals Account of the Entity, an associate or an unrelated third party, does this involve a GST-free supply by the Entity under section 38-385, being the first supply after refining?

Answer

4. Yes, a supply by the Entity to the Refiner either by way of sale or loco-swap is considered to be GST-free under section 38-385.

Question 3

5. Where an Entity has previously been considered by the ATO to have made a taxable supply of Doré to the Refiner, is the Entity considered to have made a creditable acquisition of refining services entitling the Entity to an input tax credit for the GST component of the refining fee?

Answer

6. Yes, the Entity is entitled to an input tax credit for GST charged by the Refiner on refining fees where the ATO has considered that a taxable supply of Doré from the Entity to the Refiner has occurred.

Date of effect

7. To minimise the costs of compliance to industry participants, the ATO view expressed here should be applied prospectively after the date this item was posted to the Mining and Energy Industry Partnership website. This chapter concerning the ATO view on precious metal refining was published on 31 January 2003.