

## COMMONWEALTH OF AUSTRALIA

### *A NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT 1999*

#### **A NEW TAX SYSTEM (GOODS AND SERVICES TAX) FOREIGN EXCHANGE CONVERSION DETERMINATION (NO.1) 2001**

Under subsection 9-85(2) of the *A New Tax System (Goods and Services Tax) Act 1999* and subsection 4(1) of the *Acts Interpretation Act 1901*, I make the following determination:

#### ***Citation***

1. This determination is the *A New Tax System (Goods and Services Tax) Act Foreign Exchange Conversion Determination (No. 1) 2001*.

#### ***Commencement***

2. This determination commences on and from 1 July 2000. However, to the extent that this determination is inconsistent with Draft Goods and Services Tax Ruling GSTR 2000/D15, the Draft Ruling applies up until the date of issue of this determination.

#### ***Application of determination***

3. This determination applies to an entity that works out the value in Australian currency where the consideration for a taxable supply is expressed in a currency other than Australian currency.

#### ***Manner in which the value or an amount of consideration for the supply is worked out***

4. In working out the value of a taxable supply, you convert the consideration on a conversion day worked out in accordance with the following formula:

Amount expressed in a foreign currency \* (1 / **your particular exchange rate** on the **conversion day**)

where,

- **your particular exchange rate** is the rate from the foreign exchange organisation, the RBA rate, or the rate from your agreement, whichever is applicable; and
- the **conversion day** is the date that the foreign currency is converted into Australian currency for GST purposes.

5. You must use your particular exchange rate consistently.

## ***Definitions***

6. (1). The following expressions are defined for the purposes of this determination:

***RBA rate*** means the foreign exchange rate calculated by the Reserve Bank of Australia (RBA) when the entity works out the consideration on a conversion day:

- (a) that is an RBA business day, then the RBA rate is the unit of foreign currency per \$A calculated by the RBA as the 4:00pm Australian Eastern time rate on that RBA business day or previous RBA business day, and
- (b) that is *not* an RBA business day, then the RBA rate is the unit of foreign currency per \$A calculated by the RBA as the 4:00pm Australian Eastern time rate of the previous RBA business day.

***conversion day*** is the date you use to convert foreign currency into Australian currency for GST purposes:

- (a) when you account for GST *on a basis other than cash* your conversion day is:
  - (i) the day on which any of the consideration is received for the supply (the receipt date); or
  - (ii) the transaction date/the invoice date (whichever you have chosen);whichever comes first; or
- (b) when you account for GST *on a cash basis*, your conversion day is:
  - (i) the transaction date;
  - (ii) the invoice date; or
  - (iii) the day on which any of the consideration is received for the supply.

***agreed rate*** means a foreign exchange rate agreed to between a supplier and a recipient of a taxable supply. The agreed rate only applies for supplies made under the agreement and for the period of the agreement.

***exchange rate*** means the unit of foreign currency per Australian dollar.

***RBA business day*** means a day that the head office of the Reserve Bank is open for business.

***Reserve Bank*** means the body corporate continued in existence under the *Reserve Bank Act 1959*.

(2) Other expressions in this determination have the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

Signed this 2<sup>nd</sup> day of February 2001.

Peter Chochula  
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Goods and Services Tax Program  
Delegate of the Commissioner