

FOREX 2017/1 -



Australian Government

Australian Taxation Office

Legislative Instrument

Goods and Services Tax: Foreign Currency Conversion Determination (No. 1) 2017

I, Timothy Dyce, Deputy Commissioner of Taxation, make this determination under [subsection 9-85\(2\)](#) of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act).

Signed by Timothy Dyce

Deputy Commissioner of Taxation

Dated: 21 June 2017

Name of determination

1. This determination is the *Goods and Services Tax: Foreign Currency Conversion Determination (No. 1) 2017*.

Commencement

2. This determination applies on and from 1 July 2017.

Repeal of previous determination

3. *Goods and Services Tax Act: Foreign Currency Conversion Determination (No. 30) 2016* (the previous determination) - F2016L00180, registered on 29 February 2016, is repealed on the commencement of this determination.

Determination (Who is covered by this Determination)

4. This determination applies to an entity that works out the value of a taxable supply in Australian currency because an amount of the consideration for the supply is expressed in a foreign currency.

Manner in which an amount of consideration for the supply is worked out

5. An entity (you) converts the amount of consideration expressed in a foreign currency using the following formula:

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

where,

your particular exchange rate is the rate from a foreign exchange organisation, the RBA rate, or the agreed rate, whichever you have chosen; and

conversion day is the date that the foreign currency is converted into Australian currency in accordance with Paragraph 7.

6. You must use your particular exchange rate consistently.

Definitions

7. The following expressions are defined for the purposes of this determination:

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.

conversion day is the date you use to convert foreign currency into Australian currency under this determination:

- (a) when you account for GST on a basis other than cash your conversion day is **the earlier of**:
- (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).
- (b) when you account for GST on a cash basis, your conversion day is:
- (i) the transaction date; or
 - (ii) the invoice date; or
 - (iii) the day on which any of the consideration is received for the supply.
- (c) if you are a non-resident that is not a limited registration entity, and you are making inbound intangible consumer supplies, your conversion day is:
- (i) a day specified in either paragraphs (a) or (b) of this definition for any types of supplies that you make (including inbound intangible consumer supplies); or
 - (ii) for your inbound intangible consumer supplies only, the final day of the relevant tax period in which GST is payable (in which case, the conversion day for your other types of supplies is the day specified in either paragraphs (a) or (b) of this definition).
- (d) if you are a non-resident that is a limited registration entity, your conversion day is:
- (i) a day specified in either paragraphs (a) or (b) of this definition; or
 - (ii) the final day of the relevant tax period in which GST is payable on your supplies.

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

foreign currency means a currency other than Australian currency.

foreign exchange organisation means an organisation that provides exchange rates publicly.

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

RBA rate means the foreign exchange rate calculated by the Reserve Bank of Australia. When you work 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.

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

transaction date means the date you use for foreign currency conversion in your accounting system under the relevant Accounting Standard.

8. All other expressions in this Determination have the same meaning as in the GST Act.