

WAN 2018/1 -



Legislative Instrument

Goods and Services Tax: Waiver of Adjustment Note Requirement (Corporate Card Statements) Determination 2018

I, Timothy Dyce, Deputy Commissioner of Taxation, make this determination under subsection 29-20(3) of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act).

Signed by Timothy Dyce

Deputy Commissioner of Taxation

Dated: 24 September 2018

1. Name of determination

This determination is the *Goods and Services Tax: Waiver of Adjustment Note Requirement (Corporate Card Statements) Determination 2018*.

2. Commencement

This determination commences on the day after its registration on the Federal Register of Legislation.

3. Repeal of previous determination

This determination repeals and replaces *Goods and Services Tax: Waiver of Adjustment Note Requirement (Corporate Card Statements) Legislative Instrument (No. 1) 2008* (F2008L03346) registered on 3 September 2008.

4. Determination

This determination applies to corporate card statement cardholders.

5. Definitions

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

Acquirer is an entity that signs a merchant and is responsible for settlement to the merchant in respect of *corporate card* transactions acquired from that merchant.

Cardholder is the entity participating in an arrangement under which the *corporate card* is issued to that entity, or other entities at its request.

Corporate card is a card, or an account (where a physical card may not be issued), that is issued to and in the name of an entity or other entities at its request, and is intended to be used to purchase goods and services for commercial purposes.

Corporate card provider is:

- (a) any of the following entities:
 - (i) American Express Australia Limited;
 - (ii) Cabcharge Australia Limited;
 - (iii) Diners Club Pty Limited;
 - (iv) Entities that issue Visa *corporate cards*;
 - (v) Lufthansa AirPlus Servicekarten GmbH (Airplus International);
 - (vi) Qantas Airways Limited; or
- (b) an entity authorised by an entity listed above in paragraph (a) to provide their *corporate card* products.

Corporate card statement is a statement for a *corporate card* that is issued by or on behalf of a *corporate card provider*. It includes electronic data files of transactions and statements that are issued periodically or on demand.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

GST registration number means the GST registration number of the *supplier*, which is either an Australian Business Number (ABN) or ATO Reference Number (ARN).

Mixed transaction supplier is a *supplier* who has indicated on a signed statement (referred to in section 10) that they provide taxable supplies as well as GST-free and/or input taxed supplies.

Supplier includes an agent through whom the *supplier* makes a supply.

- (2) Other expressions in this determination have the same meaning as in the **GST Act**.

6. Relief from requirement to hold an adjustment note

For the purposes of attributing a decreasing adjustment (arising from an adjustment event in respect of an acquisition) to a tax period, a *cardholder* is not required (under subsection 29-20(3) of the *GST Act*) to hold an adjustment note for the decreasing adjustment if all the requirements in section 7 of this determination are satisfied.

7. Requirements for relief from holding an adjustment note

- (1) At the time the *cardholder* gives its GST return/Business Activity Statement for the tax period to the Commissioner:
 - (a) the *cardholder* must hold a *corporate card* statement that records a transaction which includes the decreasing adjustment and meets the *corporate card* statement information requirements set out in section 8;

- (b) the *cardholder* must meet all the requirements of section 12; and
 - (c) the decreasing adjustment on the *corporate card statement* must not have an 'estimated GST amount' that was calculated under subsection 10(b).
- (2) For a *corporate card statement* the *corporate card provider/acquirer* must:
- (a) meet the accuracy requirements set out in section 11;
 - (b) have in place an accurate method of obtaining or calculating the transaction information specified in paragraph 8(d), and
 - (c) can choose to use the signed statement method in accordance with section 9 to satisfy paragraph (2)(b) in relation to the decreasing adjustment.

8. **Corporate card statement information requirements**

The *corporate card* statement must contain enough information to enable the following to be ascertained by the *cardholder*:

- (a) the date of issue of the *corporate card* statement;
- (b) the identity or ABN of the *cardholder*;
- (c) the name(s) of the person(s) or department(s) that uses the *corporate card* to purchase the creditable acquisition to which the adjustment relates, or in the case of fuel cards, the vehicle identifier;
- (d) for the particular transactions containing the decreasing adjustment:
 - (i) the date the adjustment event occurred;
 - (ii) the identity of the *supplier*, or driver ID for a supply of taxi travel;
 - (iii) *GST registration number* of the *supplier*;
 - (iv) the Branch Registration Number of the *supplier* (where applicable);
 - (iv) a brief explanation of the reason for the adjustment or, if that is not available, a description or recognised code identifying the *supplier's* industry;
 - (v) the amount of the adjustment to the GST payable, or a statement to the effect that the difference in the price of the taxable supply includes GST; and
 - (vi) the difference in the price of the supply before and after the adjustment event.

9. **Use of signed statements for obtaining transaction information**

- (1) The *corporate card provider/acquirer* may, in relation to a *supplier*, use the signed statement method in section 10 to calculate the decreasing adjustment, provided they have a signed statement from each *supplier* that:
 - (a) states the *GST registration number* of the *supplier*;

- (b) states the type of supplies (i.e. taxable, GST-free and/or input taxed supplies) made by the *supplier*, and for which the *corporate card* is accepted as payment;
- (c) where the *supplier* only makes taxable supplies - states whether or not GST is calculated at 1/11th of the price for all the taxable supplies made by the *supplier*; and
- (d) provides the *corporate card provider/acquirer* with an undertaking the *corporate card provider/acquirer* will be notified when the *supplier*:
 - (i) ceases to be registered for GST; or
 - (ii) ceases to make only taxable supplies where the GST is calculated at 1/11th of the price.
- (2) The *corporate card provider/acquirer* must retain the signed statement for at least 5 years after the *supplier* ceases their association with the *corporate card provider/acquirer*.

10. **Calculating the adjustment or the estimated adjustment to GST payable using the signed statement method**

The signed statement method for calculating the amount of an adjustment or an estimated adjustment to the GST payable is as follows:

- (a) for an adjustment to the GST payable - where the *supplier* has indicated on the signed statement that the *supplier* only makes taxable supplies where the GST is 1/11th of the price, the *corporate card provider/acquirer* may calculate the amount of the adjustment to the GST payable as 1/11th of the change in price; or
- (b) for an estimated adjustment to the GST payable - where a *supplier* has indicated on the signed statement that the *supplier* makes taxable supplies where GST may not be 1/11th of the price, or the *supplier* is a *mixed transaction supplier*, the *corporate card provider/acquirer* may calculate the estimated adjustment amount as 1/11th of the change in price of the relevant transaction if:
 - (i) the *corporate card provider/acquirer* indicates the estimated adjustment amount for this transaction must be verified;
 - (ii) the *corporate card provider/acquirer* advises the *cardholder* to obtain an adjustment note before attributing a decreasing adjustment to a tax period (if required by subsection 29-20(3) of the *GST Act*); and
 - (iii) at least one of the requirements in subparagraphs 10(b)(i) and 10(b)(ii) is prominently displayed on the *corporate card statement*.

11. **Accuracy requirements for corporate card statements**

Where the *corporate card provider/acquirer* has reason to consider any information set out in paragraph 8(d) or an estimated GST amount is not accurate, the *corporate card provider/acquirer* must not include that information on the *corporate card statement*.

12. Cardholder requirements

The *cardholder* must have in place:

- (a) an effectively regulated corporate policy (that includes the retention of documentary evidence) for determining the amount of decreasing adjustments relating to acquisitions made on the *corporate card* that are wholly or partly of a private or domestic nature; and
- (b) an effectively regulated corporate policy that ensures the adjustment note and the *corporate card statement* are not incorrectly used to claim decreasing adjustments more than once for an adjustment event.

13. Reimbursement of employees etc

If the *cardholder* has a decreasing adjustment in relation to a reimbursement that section 111-5 of the *GST Act* applies:

- (a) the *cardholder* is taken to meet paragraph 7(1)(a) if they hold a *corporate card statement* that includes the details at section 8 for the expense for which reimbursement is paid to which the adjustment relates;
- (b) a reference to the creditable acquisition to which the adjustment relates in paragraph 8(c) is taken to be a reference to the expense for which the reimbursement is paid to which the adjustment relates; and
- (c) any reference to a decreasing adjustment in section 8 is taken to be a reference to a decreasing adjustment to the expense for which the reimbursement is paid.