

**WTI 2008/1 -**



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## Goods and Services Tax: Waiver of Tax Invoice Requirement (Corporate Card Statements) Legislative Instrument (No.1) 2008

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I, Shane Reardon, make the following determination under subsection 29-10(3) of the *A New Tax System (Goods and Services Tax) Act 1999*:

### 1. Citation

This legislative instrument is the *Goods and Services Tax: Waiver of Tax Invoice Requirement (Corporate Card Statements) Legislative Instrument (No.1) 2008*.

### 2. Commencement and application

- (1) This legislative instrument commences on 1 October 2008.
- (2) This legislative instrument applies to net amounts for tax periods that start on or after 1 October 2008.

### 3. Revocation of previous instruments

The following legislative instruments are revoked on the commencement of this legislative instrument, and therefore do not apply to the net amounts for tax periods to which this instrument applies.

- (a) F2005B01836 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 2) 2004 - members of Visa International, American Express International, Diners Club International, MasterCard International, Motorcharge Ltd, and Fleet Systems Pty Ltd*;
- (b) F2005B01849 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 3) 2004 - members of Retail Decisions Pty Ltd*;
- (c) F2005B02347 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 4) 2004 - corporate account holder of Cabcharge Australia Limited*;
- (d) F2005B01851 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 5) 2004 - Business Travel Account Holder of American Express International Inc*;
- (e) F2005B01852 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 6) 2004 - Corporate Purchasing Account Holder of American Express International Inc*;
- (f) F2005B01853 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 7) 2004 - American Express International Inc. KR 1025 Electronic Data Feed*;

- (g) F2005B01855 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 8) 2004 - Corporate Account Holder of Qantas Charge Card Qantas Airways Limited;*
- (h) F2005B01862 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 9) 2004 - members of Custom Service Leasing Limited;* and
- (i) F2005B01871 - *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 11) 2004 - American Express Australia Limited.*

#### 4. Definitions

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

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

**Cardholder** is the registered entity that is a corporate holder of the corporate card.

**Corporate card** is a card, or an account (where no physical card is issued), that is issued to and in the name of an entity and is 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) Custom Fleet Pty Ltd;
  - (iv) Custom Service Leasing Pty Ltd;
  - (v) Diners Club Pty Limited;
  - (vi) Entities that issue MasterCard corporate cards;
  - (vii) Entities that issue Visa corporate cards;
  - (viii) Lufthansa AirPlus Servicekarten GmbH (Airplus International);
  - (ix) Mining & Construction Card Company Pty Ltd;
  - (x) Motorcharge Ltd;
  - (xi) Qantas Airways Limited;
  - (xii) Retail Decisions Pty Ltd; 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 of liability that is issued by a corporate card provider to one of its cardholders. It includes electronic data files of transactions that are provided periodically or on demand.

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

**Mixed transaction supplier** is a supplier who has indicated on a signed statement (referred to in clause 9) 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 legislative instrument have the same meaning as in the GST Act.

## 5. Relief from requirement to hold a tax invoice

For the purposes of attributing an input tax credit for a creditable acquisition to a tax period, a cardholder is not required (under subsection 29-10(3) of the GST Act) to hold a tax invoice for the creditable acquisition if the requirements provided by this instrument are satisfied.

## 6. Requirements for relief from holding a tax invoice

- (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 the creditable acquisition and meets the corporate card statement information requirements set out in clause 7;
  - (b) the cardholder must meet all the requirements of clause 12; and
  - (c) clause 13 must not require the cardholder to hold a tax invoice in relation to the acquisition.
- (2) For the corporate card statement referred to in subclause 6(1), the corporate card provider must:
- (a) meet the accuracy requirements set out in clause 11; and either
  - (b) have in place an accurate method of obtaining or calculating the transaction information specified in paragraph 7(e), or
  - (c) use the signed statement method in accordance with clause 8.

## 7. Corporate card statement information requirements

The corporate card statement must include:

- (a) the date of issue of the corporate card statement;
- (b) the name of the cardholder;
- (c) the name(s) of the person(s) or department(s) that uses the corporate card to purchase the creditable acquisition, or in the case of fuel cards, the vehicle identifier;
- (d) the address or ABN of the cardholder;
- (e) for the particular creditable acquisition:
  - (i) the date the cardholder acquired the supply;
  - (ii) the name of the supplier, or driver ID for a supply of taxi travel;
  - (iii) the ABN of the supplier;
  - (iv) the Branch Registration Number of the supplier (where applicable);

- (v) a brief description of the supply or, if that is not available, a description of the supplier's industry;
- (vi) the GST payable; and
- (vii) the total amount paid.

#### **8. Use of *signed statements* for obtaining transaction information**

Where the method in paragraph 6(2)(b) does not result in the correct GST payable amounts for supplies made by a particular supplier, the corporate card provider/acquirer may, in relation to that supplier, use the *signed statement method* in clause 10, provided:

- (a) the requirements of paragraph 6(2)(b) are otherwise satisfied; and
- (b) the requirements in clause 9 are satisfied.

#### **9. Requirements for using the signed statement method**

- (1) To use the signed statement method the corporate card provider/acquirer must have a signed statement from each supplier that:
  - (a) states the ABN and Branch Registration Number (where applicable) of the supplier;
  - (b) states the supplier is registered for GST;
  - (c) 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;
  - (d) where the supplier only makes taxable supplies – states whether or not GST is calculated at 1/11<sup>th</sup> of the price for all the taxable supplies made by the supplier; and
  - (e) 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 1/11<sup>th</sup> 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 GST payable or estimated GST amounts using the signed statement method**

The *signed statement method* for calculating the GST payable or an estimated GST amount for a supply is as follows:

- (a) for the GST payable – where the supplier has indicated on the signed statement that the supplier only makes taxable supplies where the GST is 1/11<sup>th</sup> of the price, the corporate card provider/acquirer may calculate the GST payable on the supply as 1/11<sup>th</sup> of the price; or
- (b) for an estimated GST amount – where a supplier has indicated on the signed statement that the supplier makes taxable supplies where GST may not be 1/11<sup>th</sup> of the price, or the supplier is a mixed transaction

supplier, the corporate card provider/acquirer may calculate an estimated GST amount of 1/11<sup>th</sup> of the price of the relevant transaction if:

- (i) the corporate card provider/acquirer indicates the estimated GST amount for this transaction must be verified;
- (ii) the corporate card provider/acquirer advises the cardholder to obtain a tax invoice for the supply before attributing an input tax credit to a tax period (if required by subsection 29-10(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**

- (1) A corporate card statement must not display an amount of GST payable or an estimated GST amount for a supply where:
  - (a) the corporate card provider/acquirer has obtained information that the relevant supplier is not registered, or ceases to be registered for GST; or
  - (b) the supplier has not provided their ABN.
- (2) Where the corporate card provider has reason to consider any information set out in paragraph 7(e), 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 extent of creditable purpose for 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 tax invoice and the corporate card statement are not incorrectly used to claim input tax credits more than once for a creditable acquisition.

#### **13. Situations where a tax invoice is still required**

The cardholder must hold a tax invoice before attributing input tax credits to a tax period (if required by subsection 29-10(3) of the GST Act) for a creditable acquisition recorded on a corporate card statement where:

- (a) the corporate card statement indicates the supply may be a taxable supply where GST is not 1/11<sup>th</sup> of the price, or the supplier is a mixed transaction supplier; or
- (b) there is an error on the corporate card statement in relation to that acquisition.

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Dated this 27th day of August 2008

Shane Reardon  
Deputy Commissioner of Taxation