


***GSTA TPP 021 - Goods and services tax: Is a payment by an entity to reimburse a retail outlet for the face value of a section 100-5 voucher (commonly referred to as a face value voucher (FVV)), which was redeemed by a customer, subject to GST?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on *31 October 2012*



## Goods and Services Tax Advice

Goods and services tax: is a payment by an entity to reimburse a retail outlet for the face value of a section 100-5 voucher (commonly referred to as a face value voucher (FVV)), which was redeemed by a customer, subject to GST?

### Preamble

*This document was published prior to 1 July 2010 and was a public ruling for the purposes of former section 37 of the **Taxation Administration Act 1953** and former section 105-60 of Schedule 1 to the **Taxation Administration Act 1953**.*

*From 1 July 2010, this document is taken to be a public ruling under Division 358 of Schedule 1 to the **Taxation Administration Act 1953**.*

*A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.*

*If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.*

**[Note:** *This is a consolidated version of this document. Refer to the Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]*

### Answer

No. If the payment is neither consideration for the supply made on the redemption of the FVV nor consideration for a supply by the retail outlet to the entity, it is not consideration for a supply. The payment is made as part of the entity's performance of its contractual obligations under an agreement.

### Background

An entity sells FVVs to various retail outlets that sell them to their customers. Under an agreement, the FVVs can be redeemed in any participating retail outlet and, the entity will reimburse a retail outlet that supplies goods on redemption of a voucher which it did not sell.

A customer purchases an FVV from a retail outlet and redeems it for supplies from a different retail outlet. The entity reimburses that retail outlet for the face value of the FVV presented by the customer.

### Explanation

The entity's payment to reimburse the retail outlet that accepted the FVV as consideration for the supplies made on its redemption merely compensates the retail outlet for the value of the FVV as it did not sell the FVV. The payment to that retail outlet is not consideration for the supplies it makes on redemption of the FVV by the customer and is not consideration for a supply by the retail outlet to the entity. However, in other circumstances, the payment may be consideration for a separate supply made by the retail outlet to the entity (for example, promotional services) which will depend on the surrounding facts and circumstances of the case.

The payment itself is not a separate supply as a supply of money is not a supply under subsection 9-10(4) of the GST Act.

The payment is held to be made as part of the entity's performance of the contractual obligations under the agreement between the entity and the retail outlets. No GST is payable and no input tax credit is available in relation to that payment.

# GSTA TPP 021

## Application of this GST Advice

This Advice applies [to tax periods commencing] both before and after its date of issue. However, this Advice will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Advice (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

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**Commissioner of Taxation**

14 June 2005

## **Related Rulings/Determinations/GST Advice:**

TR 2006/10; GSTA TPP 019; GSTA TPP 020

## **Subject references:**

face value vouchers  
taxable supplies

## **Legislative references:**

ANTS(GST)A 1999 9-5  
ANTS(GST)A 1999 9-10(4)  
ANTS(GST)A 1999 Div 100  
ANTS(GST)A 1999 100-5  
ANTS(GST)A 1999 100-5(2)  
TAA 1953 Sch 1 Div 358

## **ATO references**

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