


GSTA TPP 023 - Goods and services tax: Is a letter entitling the holder to supplies upon redemption a voucher within the meaning of section 100-25 of the GST Act?

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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 letter entitling the holder to supplies upon redemption a voucher within the meaning of section 100-25 of the GST Act?

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

Yes. A letter that in accordance with its terms entitles the holder to receive supplies upon redemption is a voucher under section 100-25 of the GST Act. It is treated under section 100-5 if the letter meets the further requirements of that section.

Background

A store sells stationery goods. It also supplies vouchers to customers that take the form of a letter. The letter states that on redemption the holder is entitled to supplies of various stationery goods up to the monetary value stated on it. The terms and conditions of use are on the back of the letter.

Explanation

A letter is capable of being a voucher under section 100-25 if upon redemption it entitles the holder to receive supplies in accordance with its terms. However, in determining whether the letter is a voucher its characteristics, function, and purpose need to be considered.

The requirements of a voucher that are contemplated by section 100-25 are that:

- It has a single function or purpose;
- It entitles the holder to receive supplies on redemption;
- Its presentation is integral to supplies on redemption; and
- It is capable of being redeemed.

That is, the right or entitlement to receive supplies must cease to exist on exercise of that right or entitlement by virtue of the redemption of the voucher or when the voucher expires. On cessation of the right, the voucher, or any part of the voucher, performs no other function nor does any other function continue to exist.

Note: For the letter to receive the concessional treatment under Division 100, the letter must comply with the further requirements of section 100-5 being that:

- *The supply of the letter would otherwise be a taxable supply;*
- *The holder is entitled to supplies up to the monetary value of the voucher;*

- *The monetary value is stated on or incorporated in the voucher; and*
- *It provides reasonable choice and flexibility of supplies.*

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).

Related Rulings/Determinations/GST Advice:

TR 2006/10

Subject references:

face value vouchers
taxable supplies

Legislative references:

ANTS(GST)A 1999 9-5
ANTS(GST)A 1999 Div 100
ANTS(GST)A 1999 100-5
ANTS(GST)A 1999 100-5(2)
ANTS(GST)A 1999 100-25
TAA 1953 Sch 1 Div 358

ATO references

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