


GSTD 2011/1A1 - Addendum - Goods and services tax: is an ex gratia payment by an insurer in response to a claim under an insurance policy a payment made 'in settlement of a claim'?

 This cover sheet is provided for information only. It does not form part of *GSTD 2011/1A1 - Addendum - Goods and services tax: is an ex gratia payment by an insurer in response to a claim under an insurance policy a payment made 'in settlement of a claim'?*

 View the [consolidated version](#) for this notice.



Addendum

Goods and Services Tax Determination

Goods and services tax: is an *ex gratia* payment by an insurer in response to a claim under an insurance policy a payment made ‘in settlement of a claim’?

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Determination GSTD 2011/1 to reflect amendments in relation to digital currency to section 78-10 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act).

GSTD 2011/1 is amended as follows:

1. Paragraph 4

After paragraph 4; insert:

4A. Changes made to this Determination by Addenda that issued on 9 May 2018 have been incorporated into this version of the Determination.

2. Paragraph 7

Omit the paragraph; substitute:

Subsection 78-10(1) stipulates that an insurer has a decreasing adjustment if, in settlement of a claim under an insurance policy, the insurer makes one or more of the following:

- (a) a payment of money;
- (b) a payment of digital currency;
- (c) a supply.

3. Paragraph 21

Omit the paragraph; substitute:

Subsection 78-10(1) stipulates that an insurer has a decreasing adjustment if, in settlement of a claim under an insurance policy, the insurer makes one or more of the following:

- (a) a payment of money;
- (b) a payment of digital currency;
- (c) a supply.

GSTD

Page 2 of 2

4. Paragraph 22

After the first dot point; insert second dot point:

- reimburse the insured or a third party by way of payment of digital currency for replacing or repairing the goods;

5. Paragraph 23

Omit the first sentence; substitute:

‘Therefore, as a claim under an insurance policy can be settled by making payment of money, payment of digital currency, making a supply, or a combination of those, it follows that a claim can be settled *ex gratia* in all of those ways as well.’.

This Addendum applies on and from 1 July 2017.

Commissioner of Taxation

9 May 2018

ATO references

NO: 1-E5MB369
ISSN: 2205-6254
BSL: ITX
ATOlaw topic: Goods and services tax ~~ Other GST topics (A to M) ~~ Insurance ~~
Decreasing adjustments
Goods and services tax ~~ Other GST topics (A to M) ~~ Insurance ~~
Settlements and claims

© AUSTRALIAN TAXATION OFFICE FOR THE COMMONWEALTH OF AUSTRALIA

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).