

GSTR 2000/17 - Goods and services tax: tax invoices

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⚠ Note: Some provisions ruled on in this ruling may have been amended. As a result, you may no longer be able to rely on this ruling. For more information, see <http://ato.gov.au/General/Rulings-and-ATO-view/In-detail/Public-rulings--overview/Changes-to-GST-public-rulings> to check how this ruling is likely to be affected by the change in the law. ((Note added on 16 July 2010))

⚠ This document has changed over time. This is a consolidated version of the ruling which was published on 16 July 2010.



Goods and Services Tax Ruling

Goods and services tax: tax invoices

| Contents | Para |
|---------------------------|---------|
| What this Ruling is about | 1 |
| Date of effect | 7 |
| Context of tax invoices | 8 |
| Ruling with explanations | 16 |
| Definitions | 87 |
| Detailed contents list | 99 |
| Schedule 1 | page 23 |
| Appendix A | page 24 |

Preamble

*This document is a ruling for the purposes of section 105-60 of Schedule 1 to the **Taxation Administration Act 1953**. You can rely on the information presented in this document which provides advice on the operation of the GST system.*

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

What this Ruling is about

1. This Ruling sets out the minimum information requirements for a tax invoice under subsection 29-70(1) of the *A New Tax System (Goods and Services Tax) Act 1999* ('GST Act'). It also sets out additional requirements for the **approved form** of a tax invoice.
2. Subsection 29-70(1) allows the Commissioner to treat a particular document as a tax invoice even though it does not meet all of the tax invoice requirements. This Ruling describes certain documents that the Commissioner will treat as a tax invoice under this provision.
3. The Ruling explains how the threshold for low value transactions under subsection 29-80(1) will apply so that a tax invoice is not required.
4. The Ruling also includes the Commissioner's determination under subsection 29-10(3) of the circumstance in which you can claim an input tax credit without a tax invoice. A copy of the determination is attached at Schedule 1.
5. Certain terms used in this Ruling are defined or explained in the Definitions section of the Ruling. These terms, when first mentioned elsewhere in the body of the Ruling, will appear in **bold type**.
6. All legislative references in this Ruling are to the GST Act and A New Tax System (Goods and Services Tax) Regulations 1999 (GST Regulations) unless otherwise stated.

Date of effect

7. This Ruling explains the Commissioner's view of the law as it applies both before and after its date of issue. You can rely on this Ruling on and from its date of issue for the purposes of section 105-60 in Schedule 1 to the *Taxation Administration Act 1953*. Goods and Services Tax Ruling (GSTR 1999/1) explains the GST rulings system and the Commissioner's view of when you can rely on this interpretation of the law in GST public and private rulings.

7A. Changes made to the Ruling by Addenda that issued on 25 September 2002, 1 March 2006, 22 August 2007 and 6 August 2008 have been incorporated into this version of the Ruling.^{1A}

7B. If you have relied on a previous ruling (including the public ruling that the Addendum amends), you are protected in respect of what you have done up to the date of issue of the relevant Addendum or, if there is a change to the legislation, you are protected in respect of what you have done up to the date the legislative change takes effect. This means that if you have relied on the previous ruling and have underpaid an amount of GST, you are not liable for the shortfall prior to either the issue date of the relevant Addendum or the date the legislative change takes effect, as appropriate. Similarly, if you have relied on the previous ruling you are not liable to repay an amount overpaid by the Commissioner as a refund.

Context of tax invoices

8. An **invoice** is a document notifying an obligation to make a payment,² whereas a tax invoice is a document that contains the information about a taxable supply required by the GST Act. However, the one document can be both an invoice and a tax invoice.

9. A document does not have to be created for the sole purpose of satisfying the tax invoice requirements. For example, suppliers may modify their existing invoices or receipts so that they will be tax invoices. Ordinary commercial documents such as lease agreements and contracts are also capable of being tax invoices.

10. Generally, you must hold a tax invoice to claim an **input tax credit** for a creditable **acquisition** in your Business Activity Statement (BAS).³ However, you do not need a tax invoice if:

^{1A} Refer to each Addendum to see how that Addendum amends this Ruling.

² Section 195-1.

³ Your GST return forms part of your BAS.

- the value of the taxable supply is \$75 or less;^{2A}
- you are claiming an input tax credit for a **creditable importation**;⁴
- the GST on the taxable supply is payable by the recipient because of section 15C of the *A New Tax System (Goods and Services Tax Transition) Act 1999*^{3A} (GST Transition Act); or
- a determination by the Commissioner under subsection 29-10(3) applies to your circumstances.

11. You must issue a tax invoice for a taxable supply that you make within 28 days of a request by the **recipient**.⁵ However, you must not issue a tax invoice if the recipient issues a **recipient created tax invoice**.⁶ Ruling GSTR 2000/10 sets out the circumstances in which the recipient of a supply may issue a tax invoice.

12. Penalties may be imposed under the *Taxation Administration Act 1953* ('TAA') for failing to issue a tax invoice or for making a false statement in a tax invoice.⁷

Information requirements in the GST Act

13. Under the GST Act, a tax invoice for a taxable supply must:⁸
- be issued by the supplier (unless it is a recipient created tax invoice);
 - set out the Australian Business Number (ABN) of the **entity** that issues it;
 - set out the price for the supply;
 - contain such other information as the regulations specify;
 - be in the approved form; and

^{2A} Subsection 29-80(1).

⁴ The attribution rule in section 29-15 for input tax credits for creditable importations does not require a tax invoice.

^{3A} Division 2 of Part 3 of the GST Transition Act applies to agreements spanning both 1 July 2000 and 1 July 2005. In the circumstances described in section 15C of that Act, the GST on a taxable supply made under such an agreement is payable by the recipient (to the extent the supply is made on or after a certain date occurring on or after 1 July 2005). Subsection 15H(3) of that Act provides that subsection 29-10(3) of the GST Act does not apply, so that the recipient may claim an input tax credit without holding a tax invoice.

⁵ Subsection 29-70(2).

⁶ Paragraph 29-70(1)(a).

⁷ Subsection 288-45(1) and subsection 284-75(1) in Schedule 1 to the TAA.

⁸ Subsection 29-70(1) and section 54-50.

- set out the GST branch registration number of the GST branch (if applicable).⁹

14. Regulation 29-70.01 of the GST Regulations specifies the information that a tax invoice (other than a recipient created tax invoice) must contain. The information required for a recipient created tax invoice is specified in regulation 29-70.02 of the GST Regulations. We have attached these regulations at Appendix A.

15. There are also special rules that affect tax invoices for certain types of taxable supplies. These are set out in paragraphs 66 to 81.

Ruling with explanations

Low value taxable supplies

16. A supplier does not have to issue a tax invoice and a recipient can claim an input tax credit without holding one, if the value of the taxable supply is \$75 or less.¹⁰ However, you should keep records that support all input tax credit claims.¹¹ For most supplies, a value of \$75 corresponds with a price of \$82.50.

17. The Commissioner applies this threshold on the basis that a number of things supplied together is one taxable supply, rather than each thing being a separate supply. For example, if the transaction comprises the sale of five items, each with a value of \$20, then you need a tax invoice because the total value of the taxable supply exceeds \$75.

Approved form for tax invoices

18. In most cases, a document will be in the approved form for a tax invoice if it includes the information required by the GST Act and GST Regulations. However, the Commissioner has additional requirements in some special situations.

Tax invoices that include supplies that are not taxable

19. Subregulation 29-70.01(6) of the GST Regulations applies to tax invoices that include both taxable supplies and supplies that are GST-free or input taxed. However, a tax invoice may also include other supplies that are not taxable. For example, this may occur because:

⁹ Subsection 54-50(1).

¹⁰ Subsection 29-80(1).

¹¹ Section 382-5 in Schedule 1 to the TAA.

- a supply is excluded from the GST because of a determination under Division 81; or
- one of a number of principals for whom an agent prepares a document is not registered for GST.

20. To be in the approved form, the tax invoice must together with satisfying subsection 29-70(1) about setting out the ABN of the entity that issues it and setting out the price for the supply:

- clearly identify each taxable supply;
- show the total amount of GST payable; and
- show the total amount payable.

This matches the requirements in subregulation 29-70.01(6) for a tax invoice that includes both a taxable supply and a supply that is GST free or input taxed.

Combined tax invoice and recipient created tax invoice

21. In certain circumstances, a recipient may issue a document that combines a recipient created tax invoice and a tax invoice issued as a supplier. Generally, this occurs where the recipient of a supply makes a connected supply to the entity that made the initial supply. An example is a supply of sugar by a cane farmer and the supply of services (analysis and testing of sugar) by the sugar mill.

22. A tax invoice for both supplies combined on the one document will be in the approved form. However, each entity must account for the full amount of GST payable on the supply that it makes. The GST Act does not allow the price of one supply to be reduced by the price of another. (See paragraphs 17 and 50 to 52 of GSTR 2000/10 for further details about this situation.)

Showing more than one supply on a tax invoice

23. Details of more than one taxable supply can be shown on a tax invoice. For example, you may issue a monthly statement that is a tax invoice for all the supplies made to a recipient during the month. If all the relevant details are shown on the tax invoice for more than one supply, then the tax invoice is in the approved form.

Tax invoices in electronic form

24. A tax invoice may be issued in electronic form, for example by Electronic Data Interchange (EDI). Section 25 of the *Acts Interpretation Act 1901* defines 'document' to include any article or material from which sounds, images or writings are capable of being

reproduced with or without the aid of any other article or device. Therefore, a tax invoice in electronic form is a tax invoice.

Documents that the Commissioner will treat as a tax invoice

25. Subsection 29-70(1) allows the Commissioner to treat a document as a tax invoice that does not satisfy all the requirements of this provision. The Commissioner exercises this discretion in the situations described in paragraphs 26 to 40. (See also Law Administration Practice Statement PS LA 2004/11 – The Commissioner’s discretions to treat a particular document as a tax invoice or adjustment note.)

Documents that are merely offers

26. [Deleted]

26A. In some situations, you may issue a document to a prospective recipient that is an offer to make a supply. Examples are subscriptions to trade magazines, access to online legal research, membership of professional associations and provision of training courses or seminars. You will not know whether there will be a supply when you issue the document. Where the prospective recipient is offered a choice of supplies or early payment options you will not know which, or how many, of the offered supplies will be accepted, nor will you know the final price for the supply or supplies accepted.^{10A} Because a tax invoice is a document that relates to a taxable supply, the offer document cannot be a tax invoice when it is issued.

26B. To save suppliers from having to issue another document if the offer is accepted, the Commissioner will treat an offer document as a tax invoice in the following circumstances. This discretion is exercised only in respect of offers made to multiple parties (for example, all the members of an association or a substantial number of members). It is not being exercised for an offer made by a supplier to a single recipient (for example, a ‘quote’ given by a professional or tradesperson). Subject to these limitations, the Commissioner exercises this discretion, where the following conditions are met:

- the offer must be accepted and payment made; and

^{10A} There may also be different GST treatment for each of several supplies offered in the one document. For example, some supplies may be GST-free or not subject to GST.

- the offer document, when issued by the supplier, meets the requirements of subsection 29-70(1) in respect of the total of all supplies being offered;^{10B} and
- the offer document is completed by the prospective recipient and, when completed, indicates the supplies accepted, the total amount payable and the GST included in that amount; and
- the offer document includes the following or similar statement:

‘This document will be a tax invoice for GST when fully completed and you make a payment.’

Insurance renewal notices

27. In the situations discussed in paragraphs 28 and 29, the Commissioner will treat an insurance renewal notice as a tax invoice even though it does not meet all the requirements in subsection 29-70(1).

28. When an insurance renewal notice is issued, it is not always known whether there will be a supply. This means that the document cannot be a tax invoice. To save insurers from having to issue another document, the Commissioner will treat the insurance renewal notice as a tax invoice if it includes all the information required by the GST law and the following or similar statement:

‘This document will be a tax invoice for GST when you make a payment.’

29. GST payable on a supply of insurance may be less than 1/11th of the price.¹² Under subregulation 29-70.01(5), the tax invoice must show the amount, excluding GST, payable for the supply. The Commissioner will treat a document that does not show this amount as a tax invoice if instead it provides an explanation that the GST may be less than 1/11th of the total amount payable. For example, it advises that:

^{10B} For example, where the supplier offers a range of supplies from which the prospective recipient can make a choice, and the total amount, including GST, payable for all the supplies offered is \$1,000 or more, the document issued by the supplier must contain the information required by subregulation 29-70.01(2). Subregulation 29-70.01(2) requires that the document issued by the supplier contains, among other things, the name and address or ABN of the recipient of the supply.

¹² Section 78-5.

‘If you are registered for GST purposes, your input tax credit entitlement is, or is based on, the GST amount shown above. Please note that, in accordance with the GST law relating to insurance premiums, the GST amount may be less than 1/11th of the total amount payable.’

Electronic purchasing by recipients of supplies

30. A recipient created tax invoice is an exception to the requirement that the supplier must issue the tax invoice.¹³ A recipient must come within one of the classes where the Commissioner has determined that the recipient can issue a tax invoice¹⁴. (GSTR 2000/10 includes the Commissioner’s determination). In some cases, recipients may arrange and record supplies and issue recipient created tax invoices using electronic purchasing systems.

31. These systems include ‘evaluated receipt settlement’, ‘purchase without invoice’ and ‘automatic invoicing’. They typically produce a summary document of taxable supplies that complies with the requirements for a tax invoice, apart from the requirement to describe each thing supplied.¹⁵ Instead, these systems usually refer to another document such as a purchase order that contains this information. The Commissioner will treat this other document and the summary document together as a tax invoice if they together satisfy the requirements of subsection 29-70(1).

Supplies occurring before the total consideration is known

32. The Commissioner may make determinations under section 29-25 to vary the attribution rules in particular situations. The Commissioner has made determinations under paragraph 29-25(2)(e) for supplies and acquisitions that occur before the supplier or recipient knows the total consideration.¹⁶

33. Under the determination *A New Tax System (Goods and Services Tax) (Particular Attribution Rules Where Total Consideration Not Known) Determination (No. 1) 2000* a recipient attributes an input tax credit to a tax period to the extent of the amount of the consideration stated in an invoice issued in that tax period; or to the extent of the consideration provided in that tax period (if an

¹³ Paragraph 29-70(1)(a).

¹⁴ Subsection 29-70(3).

¹⁵ Paragraph 29-70.01(2)(f) of the GST Regulations.

¹⁶ *A New Tax System (Goods and Services Tax) Act 1999 (Particular Attribution Rules for Supplies of Gas or Electricity made by Public Utility Providers) Determination (No. 1) 2000; and A New Tax System (Goods and Services Tax) (Particular Attribution Rules Where Total Consideration Not Known) Determination (No. 1) 2000.*

invoice is not issued or the consideration provided is greater than the amount on the invoice). However, before the recipient can claim an input tax credit the recipient is still required to hold a tax invoice^{15A} for the taxable supply. As the total price is not known when an interim invoice is issued or an interim payment is made, a tax invoice cannot be produced.¹⁶

34. In this situation, the Commissioner will treat a document as a tax invoice that shows the amount payable instead of the total price. When the full amount of the consideration is known, a further tax invoice must be issued for the remainder of the consideration. The Commissioner will also treat this document as a tax invoice if it shows the consideration payable at that time rather than the total price and if it otherwise satisfies the requirements of subsection 29-70(1).

Agents and insurance brokers

35. Division 153 has special rules about tax invoices and agents. It reflects the position at common law that a supply or acquisition your agent makes on your behalf is no different from one that you make yourself. Accordingly, if you make a taxable supply through an agent, your agent can issue a tax invoice for you.¹⁷ Similarly, you may claim an input tax credit for a creditable acquisition you make through your agent if your agent holds the tax invoice.¹⁸

36. Where this Division applies, the Commissioner will treat a document as a tax invoice if it shows your agent's name and address or ABN instead of your name and address or ABN.¹⁹ This will apply whether you are the supplier or the recipient of the supply. It will align the tax invoice requirements with the existing commercial practices of many agents.

Supplies of insurance policies through insurance brokers

37. Division 153 treats an insurance broker who is an agent for a recipient as an agent of the insurer.²⁰ This enables the broker to issue a tax invoice on behalf of the insurer. The Commissioner will treat a document that shows the broker's name and address or ABN

^{15A} Assuming the value of the taxable supply is more than \$75.

¹⁶ Paragraph 29-70(1)(c).

¹⁷ Paragraph 153-15(1)(b).

¹⁸ Section 153-5.

¹⁹ The name and address or ABN of the recipient only have to be shown if the total amount payable on a tax invoice is \$1000 or more.

²⁰ Subsection 153-25(1).

instead of the name and address or ABN of the insurer as a tax invoice.

Multiple supplies made through an agent

38. In a single dealing with a customer, you may be an agent for more than one principal or, you may make a supply as an agent, together with a supply on your own account. In these situations, the tax invoice would need to show the name and ABN of each principal, and the price for each separate taxable supply. To relieve any administrative difficulty this may cause, the Commissioner will treat a document that otherwise satisfies the requirements of subsection 29-70(1) as a tax invoice if it shows the name and ABN of the agent, and the total price for all of the taxable supplies.

Special circumstances that arise on a case by case basis

39. There may be other special circumstances that arise for which the Commissioner will treat a document as a tax invoice that does not satisfy all the requirements. For example, you may claim an input tax credit without knowing that the tax invoice for the acquisition does not fully satisfy the requirements of subsection 29-70(1). For example, the ABN shown may not be the correct number.

40. The Commissioner may treat this document as a tax invoice if you claimed the input tax credit while exercising reasonable care and acting in good faith. Reasonable care requires that you exercise the care that a reasonable, ordinary person would exercise to fulfil that person's tax obligations. A person exercising reasonable care may make an honest mistake based on reasonable grounds.

Circumstances in which a tax invoice is not required

41. Under subsection 29-10(3), the Commissioner may determine circumstances in which you may claim an input tax credit without a tax invoice. The Commissioner has made determinations in the circumstances set out in paragraphs 42 to 45.

Documents issued before 1 July 2000 for supplies made on or after that date

42. Ruling GSTR 2000/3 deals with the situation where a document is issued before 1 July 2000 for a taxable supply made on or after that date. The recipient of the supply may claim an input tax credit if a document is held that satisfies the Commissioner's determination that is attached to that Ruling.

'Reverse charges' on offshore intangible supplies

43. If you acquire something that is a supply (other than goods or real property) that is not connected with Australia, or is connected with Australia because of paragraph 9-25(5)(c), you may be liable to pay GST on the supply if it is taxable under section 84-5. The supply is taxable if:

- you acquire the thing supplied solely or partly for an enterprise that you carry on in Australia;
- you do not acquire the thing solely for a creditable purpose;
- the supply is for consideration; and
- you are registered or required to be registered.

However, the supply is not taxable to the extent that it is GST-free or input taxed.

44. If you acquire something for which you must pay GST under section 84-10 (and the acquisition is partly for a creditable purpose), you will be able to claim an input tax credit for that part of the acquisition that is creditable.²¹

45. The Commissioner has determined that if your entitlement to an input tax credit relates to a taxable supply for which you are liable to pay GST under Division 84, you do not have to hold a tax invoice. This determination is attached at Schedule 1.

Special circumstances that may arise from time to time

46. The Commissioner may make a determination in the future where there are special circumstances of a kind that affect a particular entity or class of entities. For example, a tax invoice may be destroyed through fire or flood.

47. The Commissioner may also make a future determination where there are special circumstances of a kind in which the recipient of a supply is unable to obtain a tax invoice from the supplier. For example, the supplier may refuse to do so after repeated requests or may no longer be able to be contacted.

²¹ Section 11-30.

Showing the price for the taxable supply

48. One requirement for a tax invoice is that it sets out the price for the taxable supply.²² Paragraphs 49 to 55 discuss how this requirement is satisfied in particular circumstances.

Retention payments

49. In certain industries such as the building industry, contracts may provide for the recipient to withhold part of the contract price pending full and satisfactory performance of the contract or until the end of the defects liability period. Because of the delay in payment of these retention amounts, the Commissioner has made a determination under section 29-25.²³ The effect will be to defer attribution of the GST payable and the input tax credit for the retention amount until it is paid.

50. Although attribution will be delayed for that part of the consideration retained, the price of the taxable supply is the total consideration payable including the retention amount. To claim the input tax credit for the net amount paid, the recipient must hold a tax invoice that shows the total price.²⁴ You can satisfy this requirement and still have the document show the net amount payable. For example, the document may set out the price less the retention amount, with a net amount payable.

Showing the price for each line on a tax invoice

51. Where the supply comprises multiple taxable items that are identified separately on a tax invoice (for example on a 'multiple-line' basis), the price for each item does not have to be shown. Only the total price of the taxable supply must be shown. This is the total amount of all the lines or items added together.

Example

52. A stationery store sells 20 pens, 10 boxes of staples and 4 staplers to Jim, who requests a tax invoice. The tax invoice may show these items as:

| | |
|---------------------|-------|
| 20 pens | 20.00 |
| 10 boxes of staples | 10.00 |

²² Paragraph 29-70(1)(c).

²³ *A New Tax System (Goods and Services Tax) Act 1999 (Particular Attribution Rules for Retention Payments) Determination (No. 1) 2000.*

²⁴ Paragraph 29-70(1)(c).

| | |
|-------------|--------------|
| 4 staplers | 140.00 |
| GST | <u>17.00</u> |
| Total price | \$187.00 |

53. Where a tax invoice relates to a number of separate supplies, the price of each supply must be shown, as required by paragraph 29-70(1)(c). For example, a monthly statement showing a number of supplies made to a customer during the month must show the price for each supply.

Changes to the price in the current tax period

54. An adjustment event for a taxable supply may occur in the same period as the GST or input tax credit is attributable (the current tax period). In this case, there will be no adjustment, and the supplier is not required to issue an adjustment note. Additionally, if the tax invoice showed the price before the adjustment event, the supplier has fulfilled their obligation under subsection 29-70(2) and is not required to issue an amended tax invoice.

55. In this situation, the tax invoice held by the recipient will no longer show the actual price paid for the supply. You may claim an input tax credit based on the actual price even though the tax invoice shows the price before the adjustment event. However, you must have records that explain the transaction and the amount of the input tax credit claimed, as required by section 382-5 of the TAA.

Regulations 29-70.01 and 29-70.02

56. A tax invoice must also satisfy regulation 29-70.01, and regulation 29-70.02 if it is a recipient created tax invoice. Certain terms in these regulations are discussed in paragraphs 57 to 64.

Name of the supplier or recipient

57. The term 'name' is not defined in the regulations and therefore takes its ordinary meaning. The Macquarie dictionary defines it to include 'a word or a combination of words by which a person, place, or thing, a body or class, or any object of thought, is designated or known'.

58. Therefore, the name of the supplier or recipient shown on the tax invoice may be its legal name, or the business or trading name.

Tax invoices issued by the trustee of a trust

59. Although an entity is defined to include a trust,²⁵ a trust has no legal personality and so will not be registered in its own right on the Australian Business Register. Rather, the trustee of the trust will be registered and will be issued with an ABN in its capacity as trustee. The legal name of the entity will be identified on the register as the trustee for the particular trust, for example 'The Trustee for the Jones' Family Trust'.

60. A tax invoice for a supply made by a trustee must show the trustee's ABN.²⁶ That is, the ABN issued to the trustee in that capacity.²⁷ A tax invoice must also show the name of the supplier.²⁸ Additionally, tax invoices with a total amount payable of \$1000 or more must show the name of the recipient.²⁹ The requirement to show the name of the trustee is satisfied if the tax invoice shows:

- the legal name for the trustee – for example, The Trustee for the Jones' Family Trust or Jones' Plumbing Pty Ltd as Trustee for the Jones' Family Trust;
- the name of the trustee – for example, Jones' Plumbing Pty Ltd; or
- the trading name of the enterprise carried on by the trustee – for example, Jones' Plumbing Services.

Although the last two options do not identify the underlying trust relationship, the Australian Business Register will reveal that the entity is a trust.

Address

61. The term 'address' is also not defined in the regulations and therefore takes its ordinary meaning. The Macquarie dictionary defines address to include 'a place where a person lives or may be reached'.

62. The place where the recipient of a supply may be reached includes the business address or a post office box number.

²⁵ Subsection 184-1(1).

²⁶ Paragraph 29-70(1)(b).

²⁷ The trustee entity will be issued with a different ABN if it also acts as trustee for another trust.

²⁸ Regulation 29-70.01(2)(c) and (3)(c).

²⁹ Regulation 29-70.01(2)(d).

Description of each thing supplied

63. A tax invoice must include a description of each thing supplied. The description must be sufficient to identify what was supplied. This will help to establish whether it is a creditable acquisition for the recipient.

64. A part number or code will not usually by itself describe what is supplied. However, the part number or code can satisfy the requirement to show the description of the thing supplied if the supplier and the recipient hold another document which describes the item that matches each part number or code. For example, a particular brand of motor vehicle part may have a code that is described in a document held by the supplier and recipient. These two documents together satisfy the requirement to provide a brief description of each thing supplied.

Special rules that affect tax invoices

65. The GST Act also includes a number of special rules for certain types of taxable supplies that affect tax invoices. We have set these rules out below.

Using a Simplified Accounting Method

66. The Commissioner has published simplified accounting methods for particular types of small retailers under Division 123.³⁰ If you are eligible to use one of these methods, you can calculate your net amount by estimating your GST free sales at the end of each tax period instead of tracking each GST free supply you make.³¹ These rules make it easier to work out the amount of GST you have to pay or the extent of your refund.

67. If you use a simplified accounting method, you will still have to issue a tax invoice within 28 days of a request by the recipient if the value of the taxable supply exceeds \$75.³²

Supplies made for a period or on a progressive basis

68. Division 156 provides a special rule for taxable supplies that:

- are made for a period or on a progressive basis; and
- for consideration that is provided on a progressive or periodic basis.

³⁰ Section 123-5.

³¹ Section 123-15.

³² Subsection 29-70(2) and subsection 29-80(1).

For the purposes of attributing the GST payable and the input tax credit to a tax period, this Division treats each progressive or periodic component of the supply as a separate supply. Examples of these supplies are insurance policies that are paid monthly, annual subscriptions paid on a monthly basis, commercial leases for a period, and building and construction contracts.

69. As a supplier, you do not have to issue separate tax invoices for each component of the supply. A single document can be a tax invoice for all components of the supply if it satisfies the requirements in subsection 29-70(1), and it shows the price of each component of the supply. For example, a lease agreement for an item of equipment may show the price as \$900 a month. This agreement is a tax invoice for all the months if it also satisfies the requirements of subsection 29-70(1).

70. If the price is not the same for every component of the taxable supply, you may attach a schedule to the agreement that shows the price for each component. The agreement and the schedule together satisfy the requirements for a tax invoice.

Variations to the price

71. To be a tax invoice, a document must show the price of the taxable supply. However, a document for a taxable supply to which Division 156 applies may not show the price of all components of the supply. For example, a lease agreement may be for a fixed monthly payment for twelve months, and this amount may be adjusted by the Consumer Price Index for the following twelve months. Another example is where the lessee is required to pay an amount for outgoings.

72. In these situations the lease will only satisfy the tax invoice requirements for those components of the supply for which the price is shown. However if the lessee holds another document such as notification from the lessor about the amount of the CPI variation or the outgoings contribution, the notification and the lease agreement together satisfy the requirements for a tax invoice.

Reimbursements

73. Division 111 has special rules covering the situation where you reimburse an employee, an officer of a company or a partner for an expense they incur for an acquisition directly related to that position.

74. Providing the requirements of the Division are met, the reimbursement is treated as consideration for an acquisition you make from that person.³³ You may claim the input tax credit for a creditable acquisition if you hold the tax invoice that was issued to the person you reimbursed.³⁴ The tax invoice may identify that person and not you as the recipient of the taxable supply.

Pre-establishment costs of a company

75. In the circumstances set out in Division 60, a company may claim an input tax credit for creditable acquisitions made before it comes into existence. The acquisition must be made by an entity that becomes a member, officer or employee of the company.³⁵

76. The company must hold a copy of the tax invoice that is held by the member, officer or employee when attributing the input tax credit in its BAS for a particular tax period.³⁶

GST groups

77. If you are a member of a GST group, the representative member of your group is liable for the GST payable on the taxable supplies that you make.³⁷

78. Even though the special rule in Division 48 makes the representative member liable to pay the GST, you are the entity that makes the taxable supply. As such, you must issue a tax invoice for the taxable supply when requested by the recipient. However, you may authorise the representative member to issue tax invoices on your behalf. The tax invoice must include your details and not the details of the representative member of your group.

GST branches

79. If you are a parent entity with a separately registered GST branch, you may make some supplies through that branch. When you register a GST branch, the Commissioner will notify you of the GST branch registration number.³⁸ You must show this number on a tax invoice (including a recipient created tax invoice) for a taxable supply made through a GST branch.³⁹

³³ Subsection 111-5(1).

³⁴ Section 111-15.

³⁵ Subsection 60-15(1).

³⁶ Subsection 60-25(2).

³⁷ Subsection 48-40(1).

³⁸ Section 54-15.

³⁹ Paragraph 54-50(1)(a).

Second hand goods

80. Division 66 provides a special rule where second-hand goods are acquired for the purposes of sale or exchange. The fact that the supply to you is not taxable does not stop the acquisition being creditable.⁴⁰ You do not need a tax invoice to claim an input tax credit. However, you cannot claim the input tax credit unless you hold records that:

- set out the name and address of the entity that supplied the goods to you; and
- describe the goods (including their quantity); and
- set out the date of, and the consideration for, the acquisition.⁴¹

81. If the supply of the second hand goods is a taxable supply, the basic rules apply and you must hold a tax invoice to claim the input tax credit.

Correcting errors on a tax invoices

82. If you re-issue a document because you did not meet the requirements for a tax invoice on the original document, the document showing the correct information is the tax invoice. Paragraphs 39 and 40 refer to a situation where a recipient unknowingly claims an input tax credit on the basis of an incorrect tax invoice.

Copy of a tax invoice

83. If you issue a tax invoice for a taxable supply that you make, you do not have to keep a copy. However, keeping a copy would be one way of showing that you complied with the requirement to issue a tax invoice.

Requests for copies of tax invoices

84. Sometimes a supplier may issue a tax invoice and the recipient of the supply may request another copy. For example, the tax invoice may be lost or destroyed. If the supplier issues a copy of the tax invoice or a second tax invoice, we suggest that it be marked 'copy' or 'duplicate' to enable easier identification of the document. Where no previous amount has been claimed you may claim an input tax credit if you hold a tax invoice that is a copy or a re-issued tax invoice.

⁴⁰ Subsection 66-5(1).

⁴¹ Section 66-17

Documents headed 'tax invoices' for non-taxable supplies

85. A supplier may make both taxable supplies and supplies that are not taxable. It may not always be possible to have two sets of documents. The supplier may issue a document for a non-taxable supply that is headed with the words 'tax invoice' if the document clearly shows that the supply does not include GST.

86. The supplier should then cross out the words 'tax invoice' or the word 'tax'. However, if this is not possible, the document should show GST as nil or zero. The tax invoice cannot include words that indicate the price is inclusive of GST as this would not be correct.

Definitions

87. The following terms are defined for the purposes of this ruling. Terms with asterisks are defined in section 195-1 of the GST Act:

Approved form

88. Approved form has the meaning given by section 388-50 in Schedule 1 to the TAA.⁴²

Entity

89. Entity means any of the following:

- (a) an *individual;
- (b) a body corporate;
- (c) a corporation sole;
- (d) a body politic;
- (e) a *partnership;
- (f) any other unincorporated association or body of persons;
- (g) a trust;
- (h) a *superannuation fund.⁴³

⁴² Section 195-1.

⁴³ Subsection 184-1(1).

Invoice

90. Invoice means a document notifying an obligation to make a payment.⁴⁴

Input tax credits

91. You are entitled to an input tax credit for any *creditable acquisition or *creditable importation that you make.⁴⁵

Creditable acquisition

92. You make a creditable acquisition if:

- (a) you acquire anything solely or partly for a *creditable purpose; and
- (b) the supply of the thing to you is a *taxable supply; and
- (c) you provide, or are liable to provide, *consideration for the supply; and
- (d) you are *registered, or *required to be registered.⁴⁶

Creditable importation

93. You make a creditable importation if:

- (a) you import goods solely or partly for a *creditable purpose; and
- (b) the importation is a *taxable importation; and
- (c) you are *registered, or *required to be registered.⁴⁷

Creditable purpose

94. You acquire a thing for a creditable purpose to the extent that you acquire it in *carrying on your *enterprise. However, you do not acquire the thing for a creditable purpose to the extent that:

- (a) the acquisition relates to making supplies that would be *input taxed; or
- (b) the acquisition is of a private or domestic nature.⁴⁸

⁴⁴ Section 195-1.

⁴⁵ Sections 11-20 and 15-15.

⁴⁶ Section 11-5.

⁴⁷ Section 15-5.

⁴⁸ Subsections 11-15(1) and (2).

95. You import goods for a creditable purpose to the extent that you import the goods in *carrying on your *enterprise. However, you do not import the goods for a creditable purpose to the extent that:

- (a) the importation relates to making supplies that would be *input taxed; or
- (b) the importation is of a private or domestic nature.⁴⁹

Net amount

96. Your net amount is the difference between your total GST payable and your total input tax credits for a tax period.⁵⁰ It can be increased or decreased by adjustments arising in the same tax period. You include your net amount for a tax period in your BAS.

Recipient

97. Recipient, in relation to a supply, means the entity to which the supply was made.⁵¹

Recipient created tax invoice

98. A recipient created tax invoice is a *tax invoice belonging to a class of tax invoices that the Commissioner has determined in writing may be issued by the *recipient of a *taxable supply.⁵²

Detailed contents list

99. Below is a detailed contents list for this Ruling:

| | Paragraph |
|---|------------------|
| What this Ruling is about | 1 |
| Date of effect | 7 |
| Context of tax invoices | 8 |
| Information requirements in the GST Act | 13 |
| Ruling with explanations | 16 |
| Low value taxable supplies | 16 |
| Approved form for tax invoices | 18 |

⁴⁹ Subsections 15-10(1) and (2).

⁵⁰ Section 17-5.

⁵¹ Section 195-1.

⁵² Subsection 29-70(3).

| | |
|--|-----|
| <i>Tax invoices that include supplies that are not taxable</i> | 19 |
| <i>Combined tax invoice and recipient created tax invoice</i> | 21 |
| <i>Showing more than one supply on a tax invoice</i> | 23 |
| Tax invoices in electronic form | 24 |
| Documents that the Commissioner will treat as a tax invoice | 25 |
| <i>Documents that are merely offers</i> | 26A |
| <i>Insurance renewal notices</i> | 27 |
| <i>Electronic purchasing by recipients of supplies</i> | 30 |
| <i>Supplies occurring before the total consideration is known</i> | 32 |
| <i>Agents and insurance brokers</i> | 35 |
| <i>Supplies of insurance policies through insurance brokers</i> | 37 |
| <i>Multiple supplies made through an agent</i> | 38 |
| <i>Special circumstances that arise on a case by case basis</i> | 39 |
| Circumstances in which a tax invoice is not required | 41 |
| <i>Documents issued before 1 July 2000 for supplies made on or after that date</i> | 42 |
| <i>'Reverse charges' on offshore intangible supplies</i> | 43 |
| <i>Special circumstances that may arise from time to time</i> | 46 |
| Showing the price for the taxable supply | 48 |
| <i>Retention payments</i> | 49 |
| <i>Showing the price for each line on a tax invoice</i> | 51 |
| <i>Example</i> | 52 |
| <i>Changes to the price in the current tax period</i> | 54 |
| Regulations 29-70.01 and 29-70.02 | 56 |
| <i>Name of the supplier or recipient</i> | 57 |
| <i>Tax invoices issued by the trustee of a trust</i> | 59 |
| <i>Address</i> | 61 |
| <i>Description of each thing supplied</i> | 63 |
| Special rules that affect tax invoices | 65 |
| <i>Using a Simplified Accounting Method</i> | 66 |
| <i>Supplies made for a period or on a progressive basis</i> | 68 |
| <i>Variations to the price</i> | 71 |
| <i>Reimbursements</i> | 73 |

| | |
|--|----------------|
| <i>Pre-establishment costs of a company</i> | 75 |
| <i>GST groups</i> | 77 |
| <i>GST branches</i> | 79 |
| <i>Second hand goods</i> | 80 |
| Correcting errors on a tax invoices | 82 |
| Copy of a tax invoice | 83 |
| Requests for copies of tax invoices | 84 |
| Documents headed 'tax invoices' for non-taxable supplies | 85 |
| Definitions | 87 |
| Approved form | 88 |
| Entity | 89 |
| Invoice | 90 |
| Input tax credits | 91 |
| Creditable acquisitions | 92 |
| Creditable importation | 93 |
| Creditable purpose | 94 |
| Net amount | 96 |
| Recipient | 97 |
| Recipient created tax invoices | 98 |
| Detailed contents list | 99 |
| Schedule 1 | page 23 |
| Appendix A | page 24 |

Commissioner of Taxation

14 June 2000

Previous draft:
GSTR 1999/D10

- GST groups
- tax invoice

Related Rulings/Determinations:
GSTR 2000/3; GSTR 2000/10

Legislative references:

- Subject references:*
- agents
 - goods and services tax
 - GST branches

- ANTS(GST)A 1999 9-25(5)(c)
- ANTS(GST)A 1999 11-5
- ANTS(GST)A 1999 11-15(1)
- ANTS(GST)A 1999 11-15(2)
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- ANTS(GST)A 1999 29-70(1)(c)
- ANTS(GST)A 1999 29-70(1)(d)
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- AIA 1901 25
- Tax Laws Amendment (Long-term Non-reviewable Contracts) Act 2005

Other references:

- A New Tax System (Goods and Services Tax) Act 1999 (Particular Attribution Rules for Supplies of Gas or Electricity made by Public Utility Providers) Determination (No. 1) 2000
- A New Tax System (Goods and Services Tax) (Particular Attribution Rules Where Total Consideration Not Known) Determination (No. 1) 2000
- A New Tax System (Goods and Services Tax) Act 1999 (Particular Attribution Rules for Retention Payments) Determination (No. 1) 2000
- Law Administration Practice Statement PS LA 2004/11 – The Commissioner’s discretions to treat a particular document as a tax invoice or adjustment note

ATO references:

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Schedule 1**COMMONWEALTH OF AUSTRALIA*****A NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT 1999*****DETERMINATION**

Under subsection 29-10(3) of the *A New Tax System (Goods and Services Tax) Act 1999* and subsection 4(1) of the *Acts Interpretation Act 1901* I make the following determination:

Citation

1. This determination is the *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 2) 2000*.

Commencement

2. (1) This determination commences on the date the *A New Tax System (Goods and Services Tax) Act 1999* commences.
- (2) This determination does not revoke, amend or vary the *A New Tax System (Goods and Services Tax) Waiver of Tax Invoice Requirement Determination (No. 1) 2000*.

Circumstances where the requirement for a tax invoice does not apply

3. The circumstances set out in the following paragraph are circumstances of a kind in which the requirement for a tax invoice under subsection 29-10(3) of the Act does not apply:
- (a) where the input tax credit for a creditable acquisition relates to a supply that is a taxable supply because of section 84-5 of the Act.

Definitions

4. (1) The following expression is defined for the purposes of this determination:
- the Act*** means the *A New Tax System (Goods and Services Tax) Act 1999*.
- (2) Other expressions in this determination have the same meaning as in the Act.

Dated this 14th day of June 2000.

Peter Chochula
Senior Tax Counsel
Goods and Services Tax Program
Delegate of the Commissioner

APPENDIX A

Regulation 29-70.01 specifies information that must be contained in a tax invoice other than a recipient created tax invoice. This regulation is as follows:

- (1) For paragraph 29-70 (1)(d) of the Act, this regulation sets out the information that a tax invoice (other than a recipient created tax invoice) is to contain.

Note. In addition to the information required by this regulation to be set out in a tax invoice for a taxable supply, a tax invoice must also set out the ABN of the entity that issues it and the price for the taxable supply — see paras 29-70(1)(b) and (c) of the Act.

- (2) If the total amount, including GST, payable for the supply or supplies to which the tax invoice relates is \$1,000 or more, the tax invoice must contain the following information:
 - (a) the words ‘tax invoice’ stated prominently;
 - (b) the date of issue of the tax invoice;
 - (c) the name of the supplier;
 - (d) the name of the recipient;
 - (e) the address or the ABN of the recipient;
 - (f) a brief description of each thing supplied;
 - (g) for each description, the quantity of the goods or the extent of the services supplied.
- (3) If the total amount, including GST, payable for the supply or supplies to which the tax invoice relates is less than \$1,000, the tax invoice must contain the following information:
 - (a) the words ‘tax invoice’ stated prominently;
 - (b) the date of issue of the tax invoice;
 - (c) the name of the supplier;
 - (d) a brief description of each thing supplied.
- (4) If the tax invoice is for 1 or more taxable supplies only, and the amount of GST payable on the supply or supplies is exactly 1/11th of the total price for the supply or supplies, the tax invoice must contain:
 - (a) a statement to the effect that the total amount payable includes GST for the supply or supplies; or
 - (b) the total amount of GST payable.

- (5) If the tax invoice is for 1 or more taxable supplies only, and the amount of GST payable on the supply or supplies is less than 1/11th of the total price for the supply or supplies, the tax invoice must contain the following information:
 - (a) the amount, excluding GST, payable for the taxable supply or supplies;
 - (b) the amount of GST payable on the taxable supply or supplies.
- (6) If the tax invoice is for 1 or more taxable supplies and any of the following supplies:
 - (a) a supply that is GST-free or input taxed;
 - (b) a supply that was made before 1 July 2000 — the tax invoice must:
 - (c) clearly identify each taxable supply; and
 - (d) contain the following information:
 - (i) the total amount of GST payable;
 - (ii) the total amount payable.
- (7) If the total amount of GST payable for the taxable supply or supplies to which the tax invoice relates is an amount that includes a fraction of a cent:
 - (a) if the fraction is 0.5 cent, the amount is to be rounded up to the nearest whole cent; and
 - (b) in any other case, the amount is to be rounded to the nearest whole cent.

Regulation 29-70.02 specifies information that must be contained in a recipient created invoice. This regulation is as follows:

- (1) For paragraph 29-70 (1) (d) of the Act, a recipient created tax invoice is to contain the following information:
 - (a) the words 'recipient created tax invoice' stated prominently;
 - (b) the information stated in paragraphs (b) to (g) of subregulation 29-70.01(2);
 - (c) the ABN of the supplier.

- (2) If the recipient created tax invoice is for 1 or more taxable supplies only, the tax invoice must also contain:
 - (a) a statement to the effect that the total amount payable includes GST for the supply or supplies; or
 - (b) the following information:
 - (a) the total amount of GST payable;
 - (b) a statement to the effect that the GST shown is payable by the supplier.
- (3) If the recipient created tax invoice is for 1 or more taxable supplies and any of the following supplies:
 - (a) a supply that is GST-free or input taxed;
 - (b) a supply that was made before 1 July 2000 —the tax invoice must also:
 - (c) clearly identify each taxable supply; and
 - (d) contain the following information:
 - (i) the total amount of GST payable;
 - (ii) the total amount payable;
 - (iii) a statement to the effect that the GST shown is payable by the supplier.
- (4) If the total amount of GST payable for the taxable supply or supplies to which the tax invoice relates is an amount that includes a fraction of a cent:
 - (a) if the fraction is 0.5 cent, the amount is to be rounded up to the nearest whole cent; and
 - (b) in any other case, the amount is to be rounded to the nearest whole cent.