GSTR 2000/21A - Addendum - Goods and services tax: the margin scheme for supplies of real property held prior to 1 July 2000

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Australian Taxation Office

Addendum

Goods and Services Tax Ruling

Goods and services tax: the margin scheme for supplies of real property held prior to 1 July 2000

This Addendum amends Goods and Services Tax Ruling GSTR 2000/21 to clarify that, in addition to subsection 75-10(3) of *A New Tax System (Goods and Services Tax) Act 1999*, subsection 75-10(2) may apply to real property acquired before 1 July 2000.

GSTR 2000/21 is amended as follows:

1. Paragraph 9

Omit the second sentence in paragraph 9 and substitute with:

> 'The margin for the supply is the difference between the consideration for the supply and the consideration for the acquisition of the interest, unit or long-term lease unless subsection 75-10(3) applies. Subsection 75-10(3) applies if you have obtained a valuation of the property that is in accordance with the Commissioner's written determination, and:
>
> - you acquired (or in some cases held) the real property before 1 July 2000; or
> - you acquired the real property on or after 1 July 2000, but the supply to you:
>
> (a) was GST-free under subsection 38-445(1A); and
>
> (b) related to a supply before 1 July 2000, by way of lease, that would have been GST-free under section 38-450 had it been made on or after 1 July 2000 (item 2A).'

2. Paragraph 16

Omit paragraph 16 and substitute with:

'Where the interest, unit, or long-term lease is acquired on or after 1 July 2000, and the circumstances in item 2A of the table in subsection 75-10(3) do not apply, then the margin is the difference between the consideration for the supply and the consideration for the acquisition of the interest, unit or long-term lease.[1] The consideration for the acquisition of the interest, unit or long-term lease is the original purchase price or in the case of subdivided land or a stratum unit the corresponding proportion of the original purchase price paid to acquire the relevant land. It does not include costs later incurred in developing the interest, unit or long-term lease.'

3. Paragraph 16A

Insert paragraph 16A

'Where the interest, unit, or long-term lease is held at 1 July 2000 the margin for the supply is the difference between the consideration for its supply and the consideration for its acquisition unless subsection 75-10(3) applies. Subsection 75-10(3) will only apply if you have obtained a valuation in accordance with the Commissioner's written determination, and:

- you acquired the real property before 1 July 2000; or
- you acquired the real property on or after 1 July 2000, but the supply to you:
  - (a) was GST-free under subsection 38-445(1A); and
  - (b) related to a supply before 1 July 2000, by way of lease, that would have been GST-free under section 38-450 had it been made on or after 1 July 2000 (item 2A).

If subsection 75-10(3) applies, the margin is the difference between the consideration for the supply and the valuation of the interest, unit or long-term lease at the relevant date.'

4. Paragraph 17

(a) Delete the first sentence in paragraph 17 and substitute with:

'If you choose to apply the margin scheme, and to calculate the margin for the supply under subsection 75-10(3), then you will be required to obtain a valuation.'

[1] Subsection 75-10(2).

(b) In the table at paragraph 17, after table item 2 add:

2A	You acquired the freehold interest, stratum unit or long-term lease on or after 1 July 2000, but the supply to you: (a) was GST-free under subsection 38-445(1A); and (b) related to a supply before 1 July 2000, by way of a lease, that would have been GST-free under section 38-450 had it been made on or after 1 July 2000.	1 July 2000

5. Paragraph 20

Omit the first sentence in paragraph 20 and substitute with:

> 'If you choose to calculate the margin for the supply under subsection 75-10(3), then you require a valuation of the real property as at the valuation date.'

This addendum applies on and from 1 July 2000.

Commissioner of Taxation
18 September 2002

ATO references:
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