GSTR 2000/24A2 - Addendum - Goods and services tax: Division 129 - making adjustments for changes in extent of creditable purpose

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Addendum

Goods and Services Tax Ruling

Goods and services tax: Division 129 – making adjustments for changes in extent of creditable purpose

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Ruling GSTR 2000/24 to reflect:

- **The addition of Division 133 to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) made by the *Tax Laws Amendment (2009 GST Administration Measures) Act 2010*.**

This legislative change relates to a special decreasing adjustment for an acquisition that you made if, to take account of a GST liability that the supplier is subsequently found to have, you provide additional consideration at a time when you can no longer claim an input tax credit.

- **The insertion into the GST Act of Division 134 resulting from *Tax Laws Amendment (2010 GST Administration Measures No. 1) Act 2010*, and amendments by *Tax Laws Amendment (2010 GST Administration Measures No. 3) Act 2010* and *Tax Laws Amendment (2010 GST Administration Measures No. 4) Act 2010*.**

These changes relate to the GST treatment of certain third party payments (sometimes described as manufacturer's rebates) made on or after 1 July 2010.

- **The withdrawal and replacement of Goods and Services Tax Ruling GSTR 2000/22, Goods and Services Tax Ruling GSTR 2000/15, and Goods and Services Tax Bulletin GSTB 2000/2.**

These rulings, relating to methodologies for determining the extent of creditable purpose, were replaced by Goods and Services Tax Ruling GSTR 2006/3, Goods and Services Tax Ruling GSTR 2006/4, and Goods and Services Tax Bulletin GSTB 2006/1.

GSTR 2000/24 is amended as follows:

1.   Paragraph 5

(a)   Omit the second and third sentences; substitute:

We explain these methodologies in Goods and Services Tax Ruling GSTR 2006/3[1A] (for financial supplies) and Goods and Services Tax Ruling GSTR 2006/4[1B] (for supplies that are not financial supplies).

(b)   After paragraph 5, insert:

5A.   In addition:

- Goods and Services Tax Bulletin GSTB 2006/1[1C] explains how to calculate input tax credits on car expenses;

- Goods and Services Tax Ruling GSTR 2009/4[1D] explains when a Division 129 adjustment arises in relation to acquisitions made in constructing new residential premises; and

- Goods and Services Tax Determination GSTD 2012/3[1E] determines that a Division 129 adjustment does not arise for services acquired in relation to a proposed merger and acquisition transaction that does not eventuate or changes.

2.   Paragraph 7

(a)   Omit the note; substitute:

Note 1: The Addendum to this Ruling that issued on 18 December 2002 applies on and from 1 July 2000.

Note 2: The Addendum to this Ruling that issued on 29 August 2012 applies both before and after its date of issue.

[1A] GSTR 2006/3 Goods and services tax: determining the extent of creditable purpose for providers of financial supplies.

[1B] GSTR 2006/4 Goods and services tax: determining the extent of creditable purpose for claiming input tax credits and for making adjustments for changes in extent of creditable purpose.

[1C] GSTB 2006/1 Goods and services tax: how to claim input tax credits for car expenses.

[1D] GSTR 2009/4 Goods and services tax: explains when an adjustment for a change in extent of creditable purpose arises under Division 129 in relation to acquisitions made in constructing new residential premises.

[1E] GSTD 2012/3 Goods and services tax: does an adjustment for a change in extent of creditable purpose necessarily arise for services acquired in relation to a proposed merger and acquisition transaction that does not eventuate, or that does not proceed in the manner contemplated at the time the services were acquired?

(b)   After paragraph 7, insert:

7A   This Ruling 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 Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

3.   Paragraph 50

Omit the third sentence; substitute:

We explain the direct and indirect methods in Goods and Services Tax Ruling GSTR 2006/4 (for acquisitions and importations generally) and Goods and Services Tax Ruling GSTR 2006/3 (for acquisitions and importations relating to financial supplies).

4.   Paragraph 73

Omit the first sentence; substitute:

In other cases, you may need to take into account adjustments for the acquisition under Division 19 (about adjustments for adjustment events), Division 21 (about adjustments for bad debts), Division 133 (about adjustments for providing additional consideration under gross-up clauses), and Division 134 (about adjustments for third party payments) when working out the full input tax credit.

5.   Paragraph 87

Omit the last dot point; substitute:

- account for adjustments under Divisions 19, 21,133 and 134 (refer to paragraphs 73 to 78).

6.   Paragraph 91

Omit the last sentence; substitute:

Goods and Services Tax Ruling GSTR 2006/4 and Goods and Services Tax Ruling GSTR 2006/3 explain methods for determining the extent of creditable purpose.

7.   Related Rulings/Determinations

Omit:

GSTR 2000/22; GSTR 2000/15; GSTB 2000/2

Substitute:

GSTR 2006/3; GSTR 2006/4; GSTB 2006/1; GSTR 2009/4; GSTD 2012/3

8.   Subject references

Omit:

-      oncluding tax period

Substitute:

-      concluding tax period

This Addendum applies both before and after its date of issue.

Commissioner of Taxation
29 August 2012