

# ***GSTR 2000/3 - Goods and Services Tax: transitional documents - entitlement to an input tax credit without a tax invoice***

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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 Ruling

### Goods and services tax: transitional documents - entitlement to an input tax credit without a tax invoice

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#### *Preamble*

*This document was published prior to 1 July 2010 and was a public ruling for the purposes of 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.]*

### **What this Ruling is about**

1. Under the *A New Tax System (Goods and Services Tax) Act 1999* ('GST Act'), the Commissioner may determine circumstances in which you may claim an input tax credit without holding a tax invoice.<sup>1</sup> This Ruling explains the Commissioner's determination in relation to documents (transitional documents) that issue before 1 July 2000 for taxable supplies made on or after that date.

2. The Ruling also explains the requirement for an adjustment note relating to a supply for which the supplier issues a transitional document.

<sup>1</sup> Subsection 29-10(3)

3. 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, appear in **bold** type.

4. All legislative references in this Ruling are to the GST Act unless otherwise stated.

## Date of effect

5. This Ruling applies [to tax periods commencing] both before and after its date of issue. However, 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).

**Note 1:** the Addendum to this Ruling that issued on 1 March 2006, explains our view of the law as it applied from 22 February 2005.

**Note 2:** the Addendum to this Ruling that issued on 11 July 2007, explains our view of the law as it applied from 1 July 2007.

**Note 3:** the Addendum to this Ruling that issued on 31 October 2012, explains our view of the law as it applied from 1 July 2010.

## Background

6. Generally, you must hold a tax invoice to claim an **input tax credit** for a **creditable acquisition** in your Business Activity Statement (BAS).<sup>2</sup> However, you do not need a tax invoice if:

- the value of the taxable supply is \$75 or less;<sup>3</sup>
- you are claiming an input tax credit for a **creditable importation**;<sup>4</sup>
- the goods and services tax (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*<sup>4A</sup> (GST Transition Act); or

<sup>2</sup> Your GST return forms part of your Business Activity Statement.

<sup>3</sup> Subsection 29-80(1).

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

<sup>4A</sup> 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

- a determination by the Commissioner under subsection 29-10(3) applies to your circumstances.<sup>5</sup>

7. The input tax credit for a creditable acquisition is usually the amount of GST that is payable by the supplier.<sup>6</sup> If an acquisition is **partly creditable**, you will need to apportion the input tax credit.<sup>7</sup> Your input tax credits are offset against any GST payable to produce a **net amount** for a particular tax period.<sup>8</sup>

8. The GST Act requires that a tax invoice must:<sup>9</sup>

- be issued by the supplier (unless the Commissioner determines that it can be of a class issued by the recipient);
- 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<sup>10</sup> specify; and
- be in the approved form.

The supplier must issue a tax invoice within 28 days of a request by the recipient of the supply.<sup>11</sup>

9. In addition, a tax invoice for a taxable supply that is made through a GST branch must show the GST branch registration number of the branch.<sup>12</sup>

10. GSTR 2000/1 explains the requirements for an adjustment note.

## Previous Rulings

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11. This Ruling replaces GST Bulletin, GSTB 1999/1- *Guidelines for 'tax invoices' issued by suppliers before 1 July 2000*.

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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.

<sup>5</sup> Subsection 29-10(3).

<sup>6</sup> Section 11-25

<sup>7</sup> Section 11-30

<sup>8</sup> Subsection 17-5(1)

<sup>9</sup> Subsection 29-70(1)

<sup>10</sup> The Regulations about tax invoice information requirements are set out in Part 2-6 of the *A New Tax System (Goods and Services Tax) Regulations 1999*.

<sup>11</sup> Subsection 29-70(2). The recipient may issue a tax invoice if it is in a class determined by the Commissioner under subsection 29-70(3).

<sup>12</sup> Paragraph 54-50(1)(a)

Accordingly, that Bulletin is withdrawn from the issue date of this Ruling.

## Ruling

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### When a tax invoice is not required

12. The Commissioner has determined under subsection 29-10(3) that you are entitled to an input tax credit for a creditable acquisition without holding a tax invoice in certain circumstances. A copy of the determination is attached as a Schedule to this Ruling. The entitlement arises when:

- (a) you or your agent holds a document (a transitional document) issued before 1 July 2000 for a taxable supply made on or after that date; and
- (b) the document contains the following information:
  - the name or business name of the supplier, or the supplier's agent;
  - the address or ACN of the supplier, or the supplier's agent;
  - the date of issue; and
- (c) the document shows either or both:
  - the price of the taxable supply<sup>13</sup> and a statement indicating that the price includes GST; or
  - the amount of the GST payable.

### *Example*

13. Your industry association sends you a notice to renew your annual membership. The notice is for membership during the period 1 January 2000 to 31 December 2000.<sup>14</sup> The notice shows the date of issue, the association's name and address, and the total membership fee payable of \$384.40.

14. GST is payable by the industry association for the supply of the membership for the period 1 July 2000 to 31 December 2000.<sup>15</sup> The price of \$384.40 is made up as follows:

- price of the supply before 1 July 2000 = \$182.00, and

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<sup>13</sup> If the supply is for a period that spans 1 July 2000, the taxable supply is that part of the supply to be made on or after 1 July 2000.

<sup>14</sup> This period is 366 days.

<sup>15</sup> This period is 184 days.

- price of the supply after 1 July 2000 = \$202.40  
(\$184.00 plus GST of \$18.40)

15. To claim an input tax credit, you will not need a tax invoice if the notice that you received shows either or both:

- the price of \$202.40 for that part of the supply that is made from 1 July 2000 to 31 December 2000, and indicates that the price includes GST; or
- the amount of \$18.40 GST that is payable.

You need to hold this transitional document when you lodge your first BAS.

### **Formula for the price of the taxable supply or the GST payable**

16. Some suppliers have previously issued documents that contain a formula to work out the price of the taxable supply or the GST payable. For example, the GST payable may be expressed as a percentage of the price. You can claim an input tax credit on the basis of such a document, providing it issued before 1 January 2000.<sup>16</sup>

17. This saves suppliers from having to reissue documents for this period only. However, the Commissioner does not accept that a formula satisfies the requirement to state the price or the GST amount for documents issued on or after 1 January 2000.

### **Supplies for which the GST payable is less than 1/11<sup>th</sup> of the price**

18. Where you acquire a taxable supply for which the GST payable is less than 1/11<sup>th</sup> of the price, you must hold a transitional document that satisfies paragraphs 12(a) and (b) of this Ruling and shows the amount of GST payable, if you wish to claim an input tax credit without a tax invoice.

19. GST is less than 1/11<sup>th</sup> of the price in limited circumstances, for example with an insurance premium<sup>17</sup> or a supply of long-term accommodation in commercial residential premises.<sup>18</sup>

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<sup>16</sup> GST Bulletin GSTB 1999/1 that issued on 2 September 1999 stated that the price must be shown on transitional documents. The four month period from 1 September 1999 to 1 January 2000 has allowed suppliers to incorporate that requirement into their systems. However (as stated in paragraph 12 of this Ruling), the price that relates to the taxable part of the supply does not have to be shown if the GST amount is shown.

<sup>17</sup> Section 78-5

<sup>18</sup> Section 87-5

## **Insurance supplies**

20. A document will also satisfy the requirements of paragraph 12 if it is issued by your insurance broker and shows the insurance broker's details instead of those of the insurance provider. This is consistent with section 153-25, which has the effect of deeming the insurance broker to be the agent of the insurer for the purposes of Division 153.

## **Multiple documents**

21. You are also entitled to an input tax credit without a tax invoice if you have a document that issued before 1 July 2000 together with another document(s), that contains the information referred to in paragraph 12 above.

### *Example*

22. You lease business premises under an agreement made before 8 July 1999 (the date the *A New Tax System (Goods and Services Tax Transition) Act 1999* received Royal Assent) that contains a review opportunity on 1 July 2001. On or after 1 July 2001, the lessor issues a document that confirms the revised rent and states that it includes GST. You can claim an input tax credit (without having a tax invoice) if this document and the original lease agreement together contain the information specified in paragraph 12.

## **Recipient created documents**

23. This Ruling also applies to documents you issue as the recipient of the taxable supply, providing you document falls into a class of tax invoices issued by a recipient that the Commissioner determines. Where you issue such a document for the supply that has the necessary information specified in paragraph 12, you may claim an input tax credit if you also hold a copy of the document.<sup>19</sup>

## **The requirements for an adjustment note**

24. Adjustment events may occur that affect a taxable supply for which a transitional document was issued. The documents that are required in relation to these events are described in paragraphs 25 to 28.

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<sup>19</sup> The words 'copy' or 'duplicate' do not have to be included.

***Adjustment events for which there is no adjustment***

25. An adjustment event relating to a taxable supply will only result in an adjustment if the GST or input tax credit has been attributed in your BAS.<sup>20</sup> If there is no adjustment, there is also no requirement to issue an adjustment note.

26. However, the original transitional document issued by the supplier may not satisfy paragraph 12 because it does not show the new price and/or GST amount for the taxable supply and refers to the previous document. Therefore, the Commissioner has determined under subsection 29-10(3), that you may claim an input tax credit if you hold documents that together satisfy the requirements of paragraph 12. You may hold the original document issued by the supplier, together with a document (such as a credit note) that gives details of the adjustment event.

***Adjustment events which result in an adjustment***

27. If, as a supplier, you issue transitional documents before 1 July 2000 that meet the requirements of this Ruling, your recipients can claim an input tax credit without holding a tax invoice. Therefore, you may not have issued or have been requested to issue a tax invoice for these supplies.

28. In this case, you will have to issue any adjustment notes that relate to these supplies only when requested by the recipient.<sup>21</sup> Where the recipient does not request an adjustment note, you are not required to issue one if you did not issue or were requested to issue a tax invoice.<sup>22</sup>

**Explanations (this forms part of the ruling)**

29. The Commissioner recognises that because subsection 29-10(3) requires you to have a tax invoice before you can claim your input tax credit, this requirement may cause compliance difficulties for suppliers during the transitional period.

30. In particular, many suppliers have previously issued documents for supplies that span 1 July 2000 (including lease agreements and insurance and subscription renewal notices). Most of these documents will not be tax invoices because the information required by the GST Act is missing. For example, until suppliers have an ABN, they will not be able to issue a tax invoice.

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<sup>20</sup> Sections 19-40 and 19-70

<sup>21</sup> Paragraph 29-75(2)(a)

<sup>22</sup> Paragraph 29-75(2)(b)

31. Because of these special circumstances, the Commissioner will not require you to hold a tax invoice for these acquisitions. Instead, you only need a transitional document that has the basic information referred to in paragraph 12. This determination saves suppliers from the extra cost of producing another document that has *all* the information required for a tax invoice (see paragraphs 8 and 9).

## Definitions

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

### Creditable acquisition

33. 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**.<sup>23</sup>

### Creditable importation

34. 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**.<sup>24</sup>

### Creditable purpose

35. 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.<sup>25</sup>

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<sup>23</sup> Section 11-5

<sup>24</sup> Section 15-5

36. 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.<sup>26</sup>

### **Entity**

37. **Entity** means any of the following:

- (i) an \*individual;
- (ii) a body corporate;
- (iii) a corporation sole;
- (iv) a body politic;
- (v) a \*partnership;
- (vi) any other unincorporated association or body of persons;
- (vii) a trust;
- (viii) a \*superannuation fund.<sup>27</sup>

### **Input tax credit**

38. You are entitled to an input tax credit for any \*creditable acquisition or \*creditable importation that you make.<sup>28</sup>

### **Net amount**

39. Your net amount is the difference between your total GST payable and your total input tax credits for a tax period.<sup>29</sup> 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.

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<sup>25</sup> Subsections 11-15(1) and (2)

<sup>26</sup> Subsections 15-10(1) and (2)

<sup>27</sup> Subsection 184-1(1)

<sup>28</sup> Sections 11-20 and 15-15

<sup>29</sup> Section 17-5

**Partly creditable**

40. In relation to an \*acquisition, partly creditable has the meaning given by 11-30 (section 70-20 also applies to a reduced credit acquisition). Under subsection 11-30(1):

An acquisition that you make is partly creditable if it is a \*creditable acquisition to which one or both of the following apply:

- (a) you make the acquisition only partly for a creditable purpose;
- (b) you provide, or are liable to provide, only part of the \*consideration for the acquisition.

**Detailed contents list**

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

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**Commissioner of Taxation**

29 March 2000

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| <i>Previous draft:</i>                 | - ANTS(GST)A 1999 17-5(1)          |
| Previously issued as GSTR 1999/D2      | - ANTS(GST)A 1999 17-5(2)          |
|  | - ANTS(GST)A 1999 19-40            |
|  | - ANTS(GST)A 1999 19-70            |
| <i>Related Rulings/Determinations:</i> | - ANTS(GST)A 1999 29-70(1)         |
| TR 92/18; TR 2006/10                   | - ANTS(GST)A 1999 29-10(3)         |
|  | - ANTS(GST)A 1999 29-70(2)         |
|  | - ANTS(GST)A 1999 29-70(3)         |
| <i>Subject references:</i>             | - ANTS(GST)A 1999 29-75(2)(a)      |
| - creditable acquisition               | - ANTS(GST)A 1999 29-75(2)(b)      |
| - goods and services tax               | - ANTS(GST)A 1999 29-15            |
| - input tax credits                    | - ANTS(GST)A 1999 29-80(1)         |
| - tax invoices                         | - ANTS(GST)A 1999 54-50(1)(a)      |
|  | - ANTS(GST)A 1999 70-20            |
| <i>Legislative references:</i>         | - ANTS(GST)A 1999 78-5             |
| - ANTS(GST)A 1999 11-5                 | - ANTS(GST)A 1999 87-5             |
| - ANTS(GST)A 1999 11-15(1)             | - ANTS(GST)A 1999 153-25           |
| - ANTS(GST)A 1999 11-15(2)             | - ANTS(GST)A 1999 184-1(1)         |
| - ANTS(GST)A 1999 11-20                | - ANTS(GST)A 1999 Pt 3 Div 2       |
| - ANTS(GST)A 1999 11-25                | - ANTS(GST)A 1999 15C              |
| - ANTS(GST)A 1999 11-30                | - ANTS(GST)A 1999 15H(3)           |
| - ANTS(GST)A 1999 11-30(1)             | - TAA Sch 1 Div 358                |
| - ANTS(GST)A 1999 15-5                 | - Tax Laws Amendment (Long-term    |
| - ANTS(GST)A 1999 15-10(1)             | Non-reviewable Contracts) Act 2005 |
| - ANTS(GST)A 1999 15-10(2)             |                                    |
| - ANTS(GST)A 1999 15-15                |                                    |

## ATO references:

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## Schedule

### COMMONWEALTH OF AUSTRALIA

#### *A NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT 1999*

#### DETERMINATION

Under section 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. 1) 2000*.

#### *Commencement*

2. This determination commences on the date the *A New Tax System (Goods and Services Tax) Act 1999* commences.

#### *Circumstance where the requirement for a tax invoice does not apply*

3. The following circumstance is a circumstance of a kind in which the requirement for a tax invoice under subsection 29-10(3) of the Act does not apply:

- (a) a transitional document, and any other document issued by the relevant supplier that relates to the transitional document, is held by a relevant recipient; and
- (b) the transitional document contains the following information, or, where the relevant recipient holds a transitional document and another document, the documents together contain the following information:
  - (i) the name or business name of the relevant supplier;
  - (ii) the address or ACN of the relevant supplier;
  - (iii) the date on which the document was issued by the relevant supplier;

- (iv) if the GST payable on the taxable supply is equal to  $1/11^{\text{th}}$  of the price - either:
  - (A) the price of the taxable supply, and a statement indicating that the price includes GST; or
  - (B) the amount of GST payable;
- (v) if the GST payable on the taxable supply is less than  $1/11^{\text{th}}$  of the price - the amount of the GST payable.

### ***Definitions***

4. (1) The following expressions are defined for the purposes of this determination:

***ACN*** (short for "Australian Company Number") is the number given by the Australian Securities and Investments Commission to a company on registration under the *Corporations Law*;

***business name*** means a name registered under the relevant State and Territory legislation that provides for the registration of business names;

***relevant recipient***, in relation to a creditable acquisition, means:

- (a) where the acquisition is made by an entity - that entity; or
- (b) where the acquisition is made by an entity through an agent of the entity - the agent;

***relevant supplier***, in relation to a taxable supply, means:

- (a) where the supply is made by an entity (other than a supply of an insurance policy made by an insurer through an insurance broker acting on behalf of the recipient of the supply) - that entity;
- (b) where the supply is of an insurance policy made by an insurer through an insurance broker acting on behalf of the recipient of the supply - the insurance broker;
- (c) where the supply is made by an entity through an agent of the entity - the agent;

***the Act*** means the *A New Tax System (Goods and Services Tax) Act 1999*;

*transitional document* means a document issued by a relevant supplier before 1 July 2000 in relation to a creditable acquisition made by a relevant recipient on or after 1 July 2000.

(2) Other the expressions in this determination have the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

Dated this 14<sup>th</sup> day of June 2000.

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