


# ***GSTR 2002/2A - Addendum - Goods and services tax: GST treatment of financial supplies and related supplies and acquisitions***

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# Addendum

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## **Goods and Services Tax Ruling**

### Goods and services tax: GST treatment of financial supplies and related supplies and acquisitions

This Addendum amends Goods and Services Tax Ruling GSTR 2002/2 to clarify the treatment of reduced credit acquisitions, to correct minor mistakes, and to ensure that it is consistent with other GST Rulings.

This Addendum applies from 1 July 2000. You can rely on the amendments to GSTR 2002/2, for the purposes of section 37 of the *Taxation Administration Act 1953*, from the date of issue of the Addendum.

#### **GSTR 2002/2 is amended as follows:**

**1. Paragraph 5**

From the eighth dot point in paragraph 5 omit 'GSTR 2001/5', and substitute 'GSTR 2002/5'.

**2. Paragraph 50**

In the first and last sentences of the paragraph, omit '48 to 74', and substitute '51 to 77'.

**3. Paragraph 68**

(a) In the third sentence, omit '9-25(5)(b)' and substitute '9-25(6)(b)'.

(b) In the third sentence, omit 'of (e) to (g)' and substitute '(e), (f), or (g)'.

**4. Paragraph 82**

Omit the second sentence.

**5. Footnote 73 (paragraph 179)**

In the second sentence, omit the word ‘does’.

**6. Paragraph 199**

At the end of the paragraph add:

While an acquisition must fall within one of the items, it is not necessary that there be an express reference to a particular acquisition in an item, unless it is clear from the wording of the item that this is the case.

**7. Footnote 86 (paragraph 202)**

In footnote 86 paragraph (b), omit the word ‘carries’, and substitute the word ‘carries’.

**8. Paragraph 206 – second sentence**

From the end of the second sentence, omit the words ‘or its equivalent’.

**9. Heading: ‘Status of the headings in subregulation 70-5.02(2)’, and paragraph 207**

Omit both the heading and paragraph 207.

**10. Paragraph 209**

(a) In the first sentence, omit ‘*of the following kind*’, and substitute ‘*of the following kinds*’.

(b) Omit the third sentence and substitute:

‘Including’ is used where the list is not exhaustive.

**11. Paragraphs 211 to 214**

Omit paragraphs 211 to 214, and substitute with the following two paragraphs:

211. Different constructions of ‘including’ used in the GST regulations are the expressions ‘*including*’, ‘*including by using the following facilities*’, or ‘*including the following*’. Where these expressions are used, the listings that follow provide examples of the item being described. For example, item 2 refers to:

‘Processing services in relation to account information for account providers, including:

- (a) archives storage, retrieval and destruction services;
- (b) statement processing and bulk mailing; and
- (c) processing and manipulation of information relating to accounts, including information about transactions to which item 7 applies.’

Paragraphs (a) to (c) are examples of processing services in relation to account information.

212. To give an item its correct context, each paragraph in the item needs to be read with reference to the commencing words of the item. For example, an ‘archive destruction service’ mentioned in item 2(a) is a processing service and a reduced credit acquisition if it is a destruction service ‘in relation to archived account information for an account provider’. This means that a service acquired to destroy archived account information for an account provider is a reduced credit acquisition. However, the acquisition of services to destroy other papers, records or assets does not come within the item and is not a reduced credit acquisition.

## **12. Paragraph 225**

In the second sentence, insert the word ‘no’ before the word ‘separately’.

## **13. Paragraph 253**

In the second sentence, omit the word ‘a’ from before the word ‘reduced’.

## **14. Paragraph 274**

(a) In the third and fourth sentences in paragraph 274, omit ‘item 10’, and substitute ‘item 9’.

(b) In the fourth sentence in paragraph 274, omit ‘70-5’, and substitute ‘70’.

## 15. Paragraph 301

Omit the word ‘content’, and substitute the word ‘contents’.

## 16. Table of contents (reference to paragraph 207)

Omit ‘Status of the headings in subregulation 70-5.02(2)’.

## 17. Related Rulings/Determinations

In Related Rulings/Determinations omit ‘GSTR 2001/5’, and substitute ‘GSTR 2002/5’.

## 18. Schedule 1 – Annuity

From the first sentence, omit ‘which are purchased from a life assurance company.’

## 19. Schedule 1 – Charge card

Omit the second paragraph of the definition.

## 20. Schedule 1 – Cheque

Omit the definition and substitute:

A bill of exchange, or draft on a bank, drawn against available funds to pay a specified sum of money to a specified person on demand. The term *cheque* is defined in subsection 10(1) of the *Cheques Act 1986*, which states:

A cheque is an unconditional order in writing that:

- (a) is addressed by a person to another person, being a financial institution; and
- (b) is signed by the person giving it; and
- (c) requires the financial institution to pay on demand a sum certain in money.

## 21. Schedule 1 – Commission

Omit the paragraph and substitute:

Payment to an agent or similar entity, or to an employee for particular services rendered. The payment may be made on a fixed sum or fixed percentage basis, or on a sliding scale based on the value of the transaction.

**22. Schedule 1 – Convertible notes**

- (a) At the beginning of the paragraph, omit ‘Unsecured debt instruments’, and substitute ‘Unsecured notes’.
- (b) From the last sentence, omit the words ‘and are’.

**23. Schedule 1 – Credit Arrangement**

At the end of the sentence, add ‘or time is allowed to pay’.

**24. Schedule 1 – Nostro Account**

In the second sentence of the definition, omit ‘Australia dollar’ and substitute ‘Australian dollar’.

**25. Schedule 1 – Settlement**

After paragraph (b) of the definition add:

- (c) making funds available at the commencement of a loan.

**26. Schedule 1 – Subrogation**

In the first sentence of the definition, omit ‘entry’, and substitute ‘entity’.

**27. Bibliography – Legislation**

Add: ‘*Superannuation Industry (Supervision) Act 1993*’.

**28. Schedule 2 – Line No. A36**

In column 3, omit ‘Item 1’, and substitute ‘Items 1 & 2’.

**29. Schedule 2 – Line No. B29**

In column 3, omit ‘Items 2 & 3’ and substitute ‘Item 2’.

**30. Schedule 2 – Line No. B31**

In column 5, omit the text.

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**31. Schedule 2 – Line No. B47**

In column 5, omit the text and substitute:

Not incidental to the supply of an account under regulation 40-5.09.  
May be composite depending on the particular facts.

**32. Schedule 2 – Line No. B49**

In column 5, omit the text and substitute:

Not incidental to the supply of an account under regulation 40-5.09.  
May be composite depending on the particular facts.

**33. Schedule 2 – Line No. B58**

In column 2, omit ‘mortgagor’, and substitute ‘mortgagee’.

**34. Schedule 2 – Line Nos. B73 and B74**

Omit rows B73 and B74 and substitute:

B73	Recovery <sup>+</sup> of loan <sup>+</sup> protection and title insurance	40-5.09(3) Item 3 <i>see note</i>	No supply if recovered <sup>+</sup> Input taxed if on-charged <sup>+</sup>	See paragraphs 191 to 197 of the Ruling for a discussion about recovery <sup>+</sup> and on-charge <sup>+</sup> .
B74	Recovery <sup>+</sup> of professional and third party costs in connection with a mortgage <sup>+</sup>	40-5.09(3) Item 3 <i>see note</i>	No supply if recovered <sup>+</sup> Input taxed if on-charged <sup>+</sup>	See paragraphs 191 to 197 of the Ruling for a discussion about recovery <sup>+</sup> and on-charge <sup>+</sup> .

**35. Schedule 2 – Line No. C22**

In column 2, omit the phrase ‘including interest charges’.

**36. Schedule 2 – Line No. D3**

In column 4, insert ‘Input taxed’.

**37. Schedule 2 – Line No. D18**

- (a) In column 2, omit ‘and company title’.
- (b) After line number D18, add:

D18A	Company title <sup>+</sup> schemes	40-5.09(3) Item 10	Input taxed	
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**38. Schedule 2 – Line No. D31**

In column 5, omit the text.

**39. Schedule 2 – Line No. D32**

In column 2, omit ‘from mortgages<sup>+</sup>’.

**40. Schedule 2 – Line No. D41**

In column 3, omit ‘Item 11’ and substitute ‘Items 10 & 11’.

**41. Schedule 2 - Line No. D42**

In column 5, omit substitute ‘40-5.09’ and substitute ‘40-5.09(3)’.

**42. Schedule 2 – Line No. L134**

In column 5, omit the text.

**43. Schedule 2 – Line No. L135**

- (a) In column 2, omit ‘from mortgages<sup>+</sup>’.
- (b) In column 5, omit the first sentence.

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**Commissioner of Taxation**

25 February 2004

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ATO references

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