


GSTR 2004/1A8 - Addendum - Goods and services tax: reduced credit acquisitions

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Addendum

Goods and Services Tax Ruling

Goods and services tax: reduced credit acquisitions

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Ruling GSTR 2004/1 to reflect amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) and the *A New Tax System (Goods and Services Tax) Regulations 1999* (GST Regulations) in relation to the GST treatment of digital currency and specifically reduced credit acquisitions.

GSTR 2004/1 is amended as follows:

1. Paragraph 11

Omit the paragraph; substitute:

11. Changes made to this Ruling by Addenda that issued on 30 May 2007, 2 July 2008, 18 January 2012, 31 October 2012, 24 July 2013 and 30 May 2018 have been incorporated into this version of the Ruling.^{1A}

2. Paragraph 242

In the second sentence, after the word 'money'; insert the words '*or digital currency*'.

3. Paragraph 245

- (a) Omit the second sentence; substitute 'However, its use in item 6 primarily applies to those specific systems established to facilitate the circulation of money.^{39AA}'.
- (b) Insert footnote 39AA at the end of the second sentence:
^{39AA} Item 6 may also apply in relation to payment systems that involve circulation of digital currency.

4. Paragraph 464

- (a) At the end of the sentence, after the words 'currency of a foreign country'; insert ', or a digital currency'.
- (b) Omit the box headed Item 21; substitute:

*Arrangement*⁶⁷ by a **financial supply facilitator** of:

- (a) the supply of a **derivative** or the **currency** of a foreign country, or an agreement to buy or sell the currency; or
- (b) the sale of a **forward contract**; or
- (c) the supply of **digital currency**, or an agreement to buy or sell digital currency.

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5. Paragraph 465

Omit the paragraph; substitute:

465. Item 21 applies to the acquisition of the service of *arrangement by a financial supply facilitator*, of those transactions mentioned in items 21(a), 21(b) and 21(c). In the context of this item, *arrangement* refers to the preparation, and the settlement of the details of the transactions referred to in items 21(a), 21(b), and 21(c) by the financial supply facilitator.

6. Paragraph 472

Omit the box headed Item 22; substitute:

*Transaction processing, **account** maintenance and report generation services provided to:*

*(a) suppliers of **derivatives**; or*

*(b) suppliers of the **currency** of a foreign country, or an agreement to buy or sell the currency; or*

*(c) suppliers of **digital currency**, or an agreement to buy or sell digital currency.*

7. Paragraph 473 and 474

Omit the paragraphs; substitute:

473. Item 22 applies to specific services acquired by suppliers of derivatives, suppliers of the currency of a foreign country, or agreements to buy or sell the currency, and the suppliers of digital currency or agreements to buy or sell digital currency that is, entities making the supplies referred to in item 21(a) and 21(c).

474. The word *services*, applies to each of the phrases preceding it. That is, the item is directed at transaction processing services, account maintenance services and report generation services acquired by entities that are suppliers of derivatives, suppliers of the currency of a foreign country or an agreement to buy or sell the currency or suppliers of digital currency or an agreement to buy or sell digital currency.

8. Paragraphs 476 and 477

Omit the paragraphs; substitute:

476. The services mentioned in item 22 are only reduced credit acquisitions where they relate to the entity's supply of derivatives or foreign currency or digital currency, or the entity's entering into an agreement to buy or sell foreign currency or digital currency. For example, where an entity that primarily supplies derivatives acquires transaction processing services in relation to another supply it makes, such as **brokerage** services, that acquisition is not a reduced credit acquisition under item 22.

477. In the context of item 22, a *transaction processing service* is a service of processing transactions for suppliers of derivatives, suppliers of foreign currency or agreements to buy or sell foreign currency or suppliers of digital currency or agreements to buy or sell digital currency. The supplier of the service should have an active involvement in processing the transactions.

9. Paragraph 479

Omit the paragraph; substitute:

479. *Account maintenance services* are activities directed towards the maintenance of accounts relating to supplies of derivatives, supplies of foreign currency or agreements to buy or sell foreign currency or supplies of digital currency or agreements to buy or sell digital currency. As noted above, the item deals specifically with the acquisition of services in relation to supplies of interests in derivatives, foreign currency or digital currency, or agreements to buy or sell foreign or digital currency. It does not apply to acquisitions of general accounting services.

10. Paragraph 768

(a) At the end of the last bullet point omit ‘.’; substitute ‘;’.

(b) After the last bullet point insert:

- a digital currency exchange provider.^{106A}

(c) Insert footnote 106A at the end of the paragraph:

^{106A} The definition of ‘digital currency’ in the AML/CTF Act shares some similar features to the definition of ‘digital currency’ in the GST Act but is not exactly the same.

This Addendum applies on and from 1 July 2017.

Commissioner of Taxation

30 May 2018

ATO references

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