



# ***GSTR 2006/10A4 - Addendum - Goods and services tax: insurance settlements and entitlement to input tax credits***

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## Addendum

### Goods and Services Tax Ruling

#### Goods and services tax: insurance settlements and entitlement to input tax credits

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Ruling GSTR 2006/10 to reflect amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) in relation to the GST treatment of digital currency and Divisions 11 and 78 of the GST Act.

#### **GSTR 2006/10 is amended as follows:**

##### **1. Paragraph 1**

After the word 'money'; insert the words:

'or digital currency, '.

##### **2. Paragraph 6**

After the last dot point; insert another dot point:

- The Addendum to this Ruling that issued on 9 May 2018 explains the Commissioner's view of the law as it applied from 1 July 2017. You can rely on this Addendum from its date of effect for the purposes of section 357-60 of Schedule 1 to the *Taxation Administration Act 1953*.

##### **3. Paragraph 7**

After the first dot point; insert second dot point:

- reimburse the insured or a third party by way of payment of digital currency for replacing or repairing the goods;

##### **4. Paragraph 22**

Omit the paragraph; substitute:

If, in settlement of a claim under an insurance policy, an insurer makes one or more of the following:

- a payment of money;
- a payment of digital currency; or
- a supply,

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the payment or supply is not treated as consideration for an acquisition by the insurer.<sup>9</sup> Therefore, the insurer is not entitled to an input tax credit in relation to the payment or supply made to the insured in settlement of the claim.

## 5. Paragraph 33

In the second line, after the word 'money'; insert the words:

'or digital currency,'.

## 6. Paragraph 91

In the first line, after the word 'cash'; insert the words:

'or digital currency'.

## 7. Paragraph 138

Omit the paragraph; substitute:

*Subsection 78-15(4) provides the method statement for calculating the settlement amount. The settlement amount is:*

*the sum of the payments of money or digital currency  $\times 11 / (11 - \text{employer's extent of input tax credit})$*

*The settlement amount is therefore:*

$$\$345,000 \times 11 / [11 - 0.22] = \$352,040$$

This Addendum applies on and from 1 July 2017.

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**Commissioner of Taxation**

9 May 2018

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ATO references

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