


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.⁹ 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.

Commissioner of Taxation

9 May 2018

ATO references

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