


# ***GSTR 2006/3A2 - Addendum - Goods and services tax: determining the extent of creditable purpose for providers of financial supplies***

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## Addendum

### Goods and Services Tax Ruling

#### Goods and services tax: determining the extent of creditable purpose for providers of financial supplies

This Addendum is a public ruling for the purposes of the Taxation Administration Act 1953. It amends Goods and Services Tax Ruling GSTR 2006/3 to reflect amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* by the *Tax Laws Amendment (2011 Measures No. 9) Act 2012* and to the *A New Tax System (Goods and Services Tax) Regulations 1999* by the *A New Tax System (Goods and Services Tax) Amendment Regulation 2012 (No. 1)*.

The Addendum also reflects amendments made to the *Taxation Administration Act 1953* by the *Indirect Tax Laws Amendment (Assessment) Act 2012* and the *Fuel Tax (Consequential and Transitional Provisions) Act 2006*.

#### **GSTR 2006/3 is amended as follows:**

**1. Paragraph 10**

In the first sentence, omit '[to tax periods commencing]'.

**2. Footnote 3**

After 'See'; insert 'former'.

**3. Footnote 29**

Omit the footnote; substitute:

<sup>29</sup> Section 129-15.

**4. Paragraph 134**

(a) In the last sentence, omit '75%'; substitute 'either 75% or 55%'.

(b) At the end of the paragraph; insert footnote 37A:

<sup>37A</sup> Subsection 70-15(1) and regulation 70-5.03.

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## 5. Paragraph 137

- (a) In the third column of the formula omit '75%'; substitute '75% or 55%'.
- (b) In the last sentence of the paragraph, omit '75%'; substitute '75% or 55%'.

## 6. Paragraph 141

After the second sentence; insert *'The percentage credit reduction prescribed in the regulations is 75%.'*

## 7. Paragraph 145

- (a) In the first sentence, after *'Taxation Administration Act 1953'*; insert '(TAA)'.
- (b) Omit footnote 41; substitute:  
<sup>41</sup> Subdivision 382-A of Schedule 1 to the TAA.
- (c) Omit the third and fourth sentences; substitute:

For tax periods prior to 1 July 2012, you are required to retain those documents for a period of five years after completion of the transactions or acts to which they relate. For tax periods from 1 July 2012, you are required to retain the records for the longest of:

- five years after the completion of the transactions or acts to which they relate; and
- the period of review for any assessment of a net amount to which those records, transactions or acts relate. In practical terms this means four years from the day after you lodge your GST return that takes into account the relevant acquisition, importation or entitlement unless the period of review is extended in the circumstances set out in subsections 155-35(3) and (4) of Schedule 1 to the TAA; and
- where an assessment has been amended under Subdivision 155-B of Schedule 1 to the TAA, the refreshed period of review that applies to the latest amendment. That is, four years after the day on which the Commissioner gave notice of the last of the amendments.

(d) After the paragraph; insert:

145A. If you make any election, choice, estimate, determination or calculation under the GST Act, you must keep records containing particulars of the election, choice, estimate, determination or calculation as well as the basis on which, and the method by which, the estimate, determination, or calculation was made. You are required to retain these records for at least five years after the election, choice, estimate, determination or calculation was made unless a provision specifies when it ceases to have effect. In these cases, you are required to retain the records for at least five years after it ceases to have effect.

145B. As your allocation or apportionment method is used for the purposes of subsection 11-30(3) to calculate the 'extent of creditable purpose' of an acquisition, you must keep records containing particulars of the method for at least five years after the calculation was made.

145C. The records need to be such as to enable your liability and entitlements under the GST Act to be readily ascertained.

## **8. Paragraph 147**

Omit the paragraph.

## **9. Paragraph 196**

Omit paragraph (including footnotes); substitute:

196. Under sections 189-5 and 189-10, an entity exceeds the financial acquisitions threshold at a time in a particular month if, assuming that all the financial acquisitions<sup>51</sup> it has made, or is likely to make, during the 12 months ending at the end of that month, or during that month and the next 11 months, were made solely for a creditable purpose, either or both of the following would apply:

- the amount of all the input tax credits to which the entity would be entitled for its financial acquisitions would exceed \$150,000<sup>51A</sup> or such other amount specified in the GST regulations; and

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<sup>51</sup> Section 189-15 defines 'financial acquisition' as 'an acquisition that relates to the making of a financial supply (other than a financial supply consisting of a borrowing)'.

<sup>51A</sup> Division 189 was amended to increase the first limb of the financial acquisitions threshold from \$50,000 to \$150,000. The amendment, effected by the *Tax Laws Amendment (2011 Measures No. 9) Act 2012*, applies for working out whether you exceed the financial acquisitions threshold at a time during July 2012 or a later month. The first limb of the financial acquisitions threshold remains at \$50,000 when working out whether you exceed the financial acquisitions threshold at a time during a month before July 2012.

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- the amount of the input tax credits to which the entity would be entitled for its financial acquisitions would be more than 10% of the total amount of the input tax credits to which the entity would be entitled for all its acquisitions and importations (including the financial acquisitions) during either of the periods referred to in this paragraph.<sup>52</sup>

## 10. Paragraph 205

(a) In the first sentence, after 'Reduced input tax credits are input tax credits', omit ', currently set at the rate of 75%',.

(b) At the end of the paragraph insert 'The amount of the reduced input tax credit is based on the percentage set out in regulation 70-5.03, which is currently 75% other than to the extent the reduced credit acquisition is covered by item 32. To the extent the reduced credit acquisition is covered by item 32, the percentage is 55%.'

## 11. Related Rulings

Insert 'GSTR 2003/9'.

## 12. Legislative References

Omit:

- TAA 1953 70(1AAA)

Insert:

- ANTS(GST)A 1999 70-15(1)
- ANTS(GST)A 1999 129-15
- ANTS(GST)A 1999 189-5
- ANTS(GST)A 1999 189-10
- ANTS(GST)R 1999 70-5.03
- TAA 1953 Sch 1 155-35(3)
- TAA 1953 Sch 1 155-35(4)
- TAA 1953 Sch 1 Subdiv 382-A
- Tax Laws Amendment (2011 Measures No.9) Act 2012

This Addendum applies both before and after its date of issue, subject to the commencement and application provisions of each amending Act or Regulation to which it refers.

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<sup>52</sup> See Goods and Services Tax Ruling GSTR 2003/9 *Goods and Services Tax: financial acquisitions threshold*. For members of a GST group, the financial acquisitions threshold is calculated in accordance with subsections 189-5(2) and 189-10(2).

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**Commissioner of Taxation**11 December 2013

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ATO references

NO:	1-42AX4KF
ISSN:	1443-5160
ATOlaw topic:	Goods and Services Tax ~~ Financial supplies ~~ creditable purpose Goods and Services Tax ~~ Financial supplies ~~ financial supplies and acquisitions Goods and Services Tax ~~ Financial supplies ~~ reduced credit acquisitions

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