A New Tax System (Indirect Tax and Consequential Amendments) Act (No. 2) 1999

Act No. 177 of 1999 as amended

This compilation was prepared on 22 January 2001

[This Act was amended by Act No. 156 of 2000]

[Schedule 7 (items 9, 10) amended Schedule 1 (item 155) and Schedule 7 (item 14).
The amendments commenced immediately after 22 December 1999]

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An Act to implement A New Tax System by amending legislation relating to indirect tax, and by amending other legislation consequential on indirect tax reform, and for other purposes

1 Short title

This Act may be cited as the *A New Tax System (Indirect Tax and Consequential Amendments) Act (No. 2) 1999*.

2 Commencement

(1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.

Schedule 1—GST, Luxury Car Tax and Wine Equalisation Tax

(2) Part 1 of Schedule 1 to this Act commences immediately after the commencement of Part 1 of Schedule 1 (other than the items for which specific commencement has been provided) to the *A New Tax System (Indirect Tax and Consequential Amendments) Act 1999*.

(3) Part 2 of Schedule 1 to this Act commences immediately after the commencement of Part 2 of Schedule 1 (other than the items for which specific commencement has been provided) to the *A New Tax System (Indirect Tax and Consequential Amendments) Act 1999*.

(4) Part 3 of Schedule 1 to this Act commences immediately after the commencement of Part 3 of Schedule 1 (other than the items for which specific commencement has been provided) to the *A New Tax System (Indirect Tax and Consequential Amendments) Act 1999*.

Schedule 2—Indirect Tax Transition

(5) Schedule 2 is taken to have commenced immediately after the commencement of Schedule 6 (other than the items for which

specific commencement has been provided) to the *A New Tax System (Indirect Tax and Consequential Amendments) Act 1999*.

Schedule 3—Commonwealth-State financial arrangements

(6) Schedule 3 is taken to have commenced immediately after the commencement of the *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999*.

Schedule 4—ABNs

(7) Schedule 4 commences at the same time as the commencement of Part 1 of Schedule 1.

Schedule 6—Diesel Fuel Rebate Scheme

(8) Schedule 6 commences immediately after the commencement of the *Customs and Excise Amendment (Diesel Fuel Rebate Scheme) Act 1999*.

Schedules 7 and 8—Consequential amendments

(9) Schedules 7 and 8 (other than items 1 to 6 of Schedule 8) commence immediately after the commencement of the *A New Tax System (Goods and Services Tax) Act 1999*.

(10) Items 1 to 6 of Schedule 8 commence immediately after the commencement of Schedule 3 to the *A New Tax System (Indirect Tax and Consequential Amendments) Act 1999*.

3 Schedule(s)

Subject to section 2, each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Indirect Tax Acts

Part 1—Amendment of the A New Tax System (Goods and Services Tax) Act 1999

1 After subsection 9-15(2)

Insert:

(2A) It does not matter:

(a) whether the payment, act or forbearance was in compliance with an order of a court, or of a tribunal or other body that has the power to make orders; or

(b) whether the payment, act or forbearance was in compliance with a settlement relating to proceedings before a court, or before a tribunal or other body that has the power to make orders.

(2B) For the avoidance of doubt, the fact that the supplier is a body of which the *recipient of the supply is a member, or that the supplier is a body that only makes supplies to its members, does not prevent the payment, act or forbearance from being consideration.

2 Paragraph 9-15(3)(c)

Omit "an *Australian government agency to another Australian government agency", substitute "a *government related entity to another government related entity".

3 At the end of section 9-20

Add:

(3) For the avoidance of doubt, the fact that activities of a body are limited to making supplies to members of the body does not prevent those activities being in the form of an adventure or concern in the nature of trade within the meaning of paragraph (1)(b).

4 Subsections 9-30(1) and (2)

Repeal the subsections, substitute:

GST-free

(1) A supply is ***GST-free*** if:

(a) it is GST-free under Division 38 or under a provision of another Act; or

(b) it is a supply of a right to receive a supply that would be GST-free under paragraph (a).

Input taxed

(2) A supply is ***input taxed*** if:

(a) it is input taxed under Division 40 or under a provision of another Act; or

(b) it is a supply of a right to receive a supply that would be input taxed under paragraph (a).

Note: If a supply is input taxed, there is no entitlement to an input tax credit for the things that are acquired or imported to make the supply (see sections 11-15 and 15-10).

5 Section 9-39 (after table item 8)

Insert:

8A	Second-hand goods	Division 66

6 Section 9-39 (at the end of the table)

Add:

13	Telecommunication supplies	Division 85
14	Vouchers	Division 100

7 At the end of section 11-30

Add:

(5) The Commissioner may determine, in writing, one or more ways in which to work out, for the purpose of subsection (3), the extent to which a *creditable acquisition is for a *creditable purpose.

8 At the end of section 15-25

Add:

(4) The Commissioner may determine, in writing, one or more ways in which to work out, for the purpose of subsection (3), the extent to which an importation is for a *creditable purpose.

9 Section 17-99 (after table item 5)

Insert:

5A	Goods applied solely to private or domestic use	Division 130

10 Section 17-99 (after table item 9)

Insert:

9A	Non-profit sub-entities	Division 63

11 Section 17-99 (after table item 12A)

Insert:

12B	Stock on hand on becoming registered etc.	Division 137

12 Section 17-99 (at the end of the table)

Add:

17	Vouchers	Division 100

13 Paragraph 19-40(c)

Repeal the paragraph, substitute:

(c) as a result of those adjustment events, the *previously attributed GST amount for the supply (if any) no longer correctly reflects the amount of GST (if any) on the supply (the ***corrected GST amount***), taking into account any change of circumstances that has given rise to an adjustment for the supply under this Subdivision or Division 21.

14 Paragraphs 19-45(b) and (c)

After “this Subdivision”, insert “or Division 21”.

15 Paragraph 19-70(c)

Omit “taking into account any adjustments for the acquisition”, substitute “taking into account any change of circumstances that has given rise to an adjustment for the acquisition under this Subdivision or Division 21 or 129”.

16 Paragraphs 19-75(b) and (c)

After “this Subdivision”, insert “or Division 21 or 129”.

17 At the end of Division 19

Add:

19-99 Special rules relating to adjustment events

Chapter 4 contains special rules relating to *adjustment events in particular cases, as follows:

Checklist of special rules

Item	For this case ...	See:
1	Insurance	Division 78

18 Paragraph 21-5(1)(c)

Omit “due”, substitute “*overdue”.

19 Subsection 21-5(1)

Omit “due” (last occurring), substitute “overdue”.

20 Paragraph 21-10(b)

Omit “due”, substitute “*overdue”.

21 Paragraph 21-15(1)(b)

Omit “due” (first occurring), substitute “*overdue”.

22 Paragraph 21-15(1)(b)

Omit “due” (second occurring), substitute “overdue”.

23 Paragraph 21-15(1)(c)

Omit “due”, substitute “overdue”.

24 Subsection 21-15(1)

Omit “due” (last occurring), substitute “overdue”.

25 Paragraph 21-20(b)

Omit “due”, substitute “*overdue”.

26 Section 21-99 (before table item 1)

Insert:

1A	Bad debts relating to partly taxable or creditable transactions	Division 136

27 Section 23-99 (before table item 1)

Insert:

1A	Government entities	Division 149
1B	Non-profit sub-entities	Division 63

28 Section 25-49 (before table item 1)

Insert:

1A	Government entities	Division 149

29 Section 25-49 (after table item 1)

Insert:

2	Non-profit sub-entities	Division 63

30 Section 25-99 (before table item 1)

Insert:

1A	Government entities	Division 149

31 Section 25-99 (after table item 1)

Insert:

1B	Non-profit sub-entities	Division 63

32 Section 29-39 (table item 1)

After “Agents”, insert “and insurance brokers”.

33 Section 29-39 (after table item 11)

Insert:

11A	Second-hand goods	Division 66

34 Paragraph 29-75(1)(a)

Repeal the paragraph, substitute:

(a) must be issued by the supplier of the *taxable supply in the circumstances set out in subsection (2); and

35 Paragraph 29-75(2)(b)

Repeal the paragraph, substitute:

(b) if the supplier has issued a *tax invoice in relation to the supply (or the recipient has requested one) and the supplier becomes aware of the adjustment before an adjustment note is requested—within 28 days after becoming aware of that fact;

36 At the end of subsection 29-75(2)

Add “(in which case it must be issued by the recipient)”.

37 Section 29-99 (table item 1)

After “Agents”, insert “and insurance brokers”.

38 Section 37-1 (table item 1)

After “Agents”, insert “and insurance brokers”.

39 Section 37-1 (after table item 3)

Insert:

3A	Bad debts relating to partly taxable or creditable transactions	Division 136

40 Section 37-1 (after table item 12)

Insert:

12A	Goods applied solely to private or domestic use	Division 130
12B	Government entities	Division 149

41 Section 37-1 (after table item 20)

Insert:

20A	Non-profit sub-entities	Division 63

42 Section 37-1 (after table item 29A)

Insert:

29B	Stock on hand on becoming registered etc.	Division 137

43 Section 37-1 (after table item 35)

Insert:

35A	Telecommunication supplies	Division 85

44 Section 37-1 (at the end of the table)

Add:

38	Vouchers	Division 100

45 Paragraph 38-7(2)(a)

Omit “and (f)”, substitute “, (f) and (g)”.

46 At the end of section 38-190

Add:

(3) Without limiting subsection (2), a supply covered by item 2 in that table is *not* GST-free if:

(a) it is a supply under an agreement entered into, whether directly or indirectly, with a *non-resident; and

(b) the supply is provided, or the agreement requires it to be provided, to another entity in Australia.

47 Subparagraph 38-250(2)(b)(ii)

Omit "50%", substitute "75%".

48 Section 38-385

Repeal the section, substitute:

38-385 Supplies of precious metals

A supply of *precious metal is ***GST-free*** if:

(a) it is the first supply of that precious metal after its refining by, or on behalf of, the supplier; and

(b) the entity that refined the precious metal is a *refiner of precious metal; and

(c) the *recipient of the supply is a *dealer in precious metal.

Note: Any other supply of precious metal is input taxed under section 40-100.

49 Subsection 38-475(1)

Repeal the subsection, substitute:

(1) The supply of a freehold interest in, or the *long term lease of, *potential residential land is ***GST-free*** if:

(a) the land is subdivided from land on which a *farming business has been *carried on for at least 5 years; and

(b) the supply is made to an *associate of the supplier of the land without *consideration or for consideration that is less than the *GST inclusive market value of the supply.

50 Section 38-480

Repeal the section, substitute:

38-480 Farm land supplied for farming

The supply of a freehold interest in, or the *long term lease of, land is ***GST-free*** if:

(a) the land is land on which a *farming business has been *carried on for at least the period of 5 years preceding the supply; and

(b) the *recipient of the supply intends that a farming business be carried on, on the land.

51 At the end of Division 38

Add:

Subdivision 38-Q—International mail

38-540 International mail

A supply is ***GST-free*** if it is a supply of services to a foreign postal administration for:

(a) the delivery in Australia; or

(b) the transit through Australia;

of postal articles mailed outside Australia.

52 Section 40-1

Omit “sets out”, substitute “provides for”.

53 Subsections 40-5(2), (3) and (4)

Repeal the subsections, substitute:

(2) ***Financial supply*** has the meaning given by the regulations.

54 Subsection 42-5(1)

Omit “17,”, substitute “4, 8, 15,”.

55 After subsection 42-5(1A)

Insert:

(1B) An importation of goods is a ***non-taxable importation*** if the goods are covered by item 17 in Schedule 4 to the *Customs Tariff Act 1995* and:

(a) the importer is the manufacturer of the goods; or

(b) the importer has previously acquired the goods, and the supply by means of which the importer acquired the goods was a *taxable supply (or would have been a taxable supply but for section 66-45); or

(c) the importer has previously imported the goods, and the previous importation was a *taxable importation.

(1C) An importation of goods is a ***non-taxable importation*** if the goods are covered by:

(a) item 1A, 1B, 1C, 1D, 1E, 5, 6, 9 or 16 in Schedule 4 to the *Customs Tariff Act 1995*; and

(b) regulations made for the purposes of this subsection.

56 Section 42-15

Repeal the section.

57 At the end of section 48-10

Add:

Note: For the membership requirements of a GST group of government related entities, see section 149-25.

58 At the end of Division 48

Add:

Subdivision 48-D—Ceasing to be a member of a GST group

48-110 Adjustments after you cease to be a member of a GST group

(1) If you *cease to be a member of a GST group (the ***first GST group***), any *adjustment that arises afterwards in relation to a supply, acquisition or importation that you made while a *member of the first GST group (other than a supply to, or an acquisition from, another member of that group):

(a) is an adjustment that you have; and

(b) is not an adjustment of the entity that is or was the *representative member of the first GST group (unless you were that representative member).

(2) In relation to the first GST group, this section has effect despite section 48-50 (which is about who has adjustments for a GST group).

48-115 Changes in extent of creditable purpose after you cease to be a member of a GST group

(1) If:

(a) while you were a *member of a *GST group (the ***first GST group***), you acquired a thing (other than from another member of that group) or imported a thing; and

(b) you *cease to be a member of the first GST group;

then, when applying section 129-40 for the first time after that cessation, the *intended or former application of the thing is the extent of *creditable purpose last used to work out, under section 48-55:

(c) the amount of the input tax credit to which the *representative member was entitled for the acquisition or importation; or

(d) the amount of any *adjustment the representative member had under Division 129 in relation to the thing.

(2) If:

(a) while you were a *member of a *GST group (the ***first GST group***), you acquired a thing (other than from another member of that group) or imported a thing; and

(b) you have *ceased to be a member of the first GST group; and

(c) you have an *adjustment under Division 129 in relation to the thing, or the *representative member of another GST group of which you are a *member has that adjustment;

then, for the purposes of working out the full input tax credit in section 129-70 or 129-75, you are taken not to have been a member of a GST group when you acquired or imported the thing.

59 Section 51-1

Omit “other”.

60 Paragraph 51-5(1)(d)

Omit “the companies”, substitute “those companies”.

61 Paragraph 51-5(1)(e)

Repeal the paragraph, substitute:

(e) the application nominates one of those companies, or another company, to be the *joint venture operator of the joint venture; and

(f) if the nominated joint venture operator is not a party to the joint venture agreement—the nominated joint venture operator satisfies the requirements of paragraphs 51-10(c) and (f).

62 Subsections 51-30(1) and (2)

Omit "another", substitute "another *company that is a".

63 Paragraphs 51-30(1)(b) and (2)(b)

Omit "other".

64 Subsection 51-35(1)

Omit "another", substitute "another *company that is a".

65 Paragraph 51-35(1)(b)

Omit "other".

66 Subsection 51-40(1)

Omit "another", substitute "another *company that is a".

67 Paragraph 51-40(1)(a)

Omit "other".

68 Paragraph 51-40(1)(b)

Repeal the paragraph, substitute:

(b) the *company that is the joint venture operator at the time the adjustment arises had the adjustment.

69 Paragraph 51-45(2)(a)

Omit "another", substitute "another *company that is a".

70 Paragraphs 51-45(2)(b) and (c)

Omit "another", substitute "another company that is a".

71 Paragraph 51-70(1)(c)

Repeal the paragraph, substitute:

(c) approve another company that satisfies the requirements of paragraphs 51-10(c) and (f) as the joint venture operator of the joint venture.

72 Subsection 51-70(2)

Repeal the subsection, substitute:

(2) The Commissioner must revoke the approval of:

(a) one of the *participants of a *GST joint venture if satisfied that the participant does not *satisfy the participation requirements of the GST joint venture; or

(b) the *joint venture operator of a GST joint venture if satisfied that the operator does not satisfy the requirements of paragraphs 51-10(c) and (f).

Note: Revoking under this subsection an approval under this Division is a reviewable GST decision (see Division 7 of Part VI of the *Taxation Administration Act 1953*).

73 At the end of Division 51

Add:

Subdivision 51-D—Ceasing to be a participant in, or an operator of, a GST joint venture

51-110 Adjustments after you cease to be a participant in a GST joint venture

(1) If you *cease to be a participant in a GST joint venture, any *adjustment that arises afterwards in relation to a supply, acquisition or importation that the *joint venture operator made on your behalf in the course of activities for which the joint venture was entered into (other than a supply covered by subsection 51-30(2)):

(a) is an adjustment that you have; and

(b) is not an adjustment of the *company that is or was the joint venture operator.

(2) This section has effect despite section 51-40 (which is about who has adjustments for a GST joint venture).

51-115 Changes in extent of creditable purpose after you cease to be a member of a GST joint venture

(1) If:

(a) while you were a *participant in a *GST joint venture, you acquired or imported a thing by the joint venture operator acquiring or importing it on your behalf; and

(b) you *cease to be a participant in the GST joint venture;

then, when applying section 129-40 for the first time after that cessation, the *intended or former application of the thing is the extent of *creditable purpose last used to work out:

(c) under section 51-35, the amount of the input tax credit to which the *joint venture operator was entitled for the acquisition or importation; or

(d) under section 51-40, the amount of any *adjustment the joint venture operator had under Division 129 in relation to the acquisition or importation.

(2) If:

(a) while you were a *participant in a *GST joint venture, you acquired or imported a thing by the joint venture operator acquiring or importing it on your behalf; and

(b) you have *ceased to be a participant in the GST joint venture; and

(c) you have an *adjustment under Division 129 in relation to the acquisition or importation;

then, for the purposes of working out the full input tax credit in section 129-70 or 129-75, you are taken not to have been a participant of a GST joint venture when you acquired or imported the thing.

74 After Division 60

Insert:

Division 63—Non-profit sub-entities

63-1 What this Division is about

Some kinds of non-profit entities may choose to have some (or all) of their separately identifiable branches treated as separate entities for GST purposes.

Note: The parent entities then cease to be responsible, for GST purposes, for these branches. (By way of contrast, parent entities would remain responsible for their branches if they registered them under Division 54.)

63-5 Entities that may choose to apply this Division

(1) An entity may choose to apply this Division.

(2) However, the entity must be *registered and must be:

(a) a charitable institution, a trustee of a charitable fund or a *gift-deductible entity; or

(b) a non-profit body that is exempt from income tax under any of these provisions of the *ITAA 1997:

(i) section 50-5 (charity, education, science and religion);

(ii) section 50-10 (community service);

(iii) section 50-15 (employees and employers);

(iv) section 50-40 (primary and secondary resources, and tourism);

(v) item 9.1 or 9.2 of section 50-45 (sports, culture and recreation).

63-10 Period for which a choice has effect

(1) The choice has effect from the time the entity makes the choice.

(2) The choice ceases to have effect if:

(a) the entity revokes the choice; or

(b) the entity ceases to meet the requirements of subsection 63-5(2).

(3) However, the entity:

(a) cannot revoke the choice within 12 months after the day on which the entity made the choice; and

(b) cannot make a further choice within 12 months after the day on which the entity revoked a previous choice.

63-15 Consequences of choosing to apply this Division

(1) While the choice has effect, any branch of the entity is treated, for the purposes of the *GST law (other than sections 63-5 and 63-10 and this section), as an entity if that branch:

(a) maintains an independent system of accounting; and

(b) can be separately identified by reference to:

(i) the nature of the activities carried on through the branch; or

(ii) the location of the branch; and

(c) is referred to in the entity's records to the effect that it is to be treated as a separate entity for the purposes of the GST law.

(2) The branch's treatment as an entity ceases if:

(a) the choice ceases to have effect; or

(b) the branch ceases to meet the requirements of paragraphs (1)(a), (b) and (c).

However, if the branch is *registered, its treatment as an entity continues until its registration is cancelled.

(3) At all times during its treatment as an entity, the branch is a ***non-profit sub-entity***.

63-20 Non-profit sub-entities may register

(1) A *non-profit sub-entity may apply to be *registered under section 23-10 even if it is not *carrying on an *enterprise and is not intending to carry on an enterprise.

(2) The Commissioner must *register the *non-profit sub-entity whether or not the Commissioner is satisfied that it is *carrying on an *enterprise or intending to carry on an enterprise.

(3) This section has effect despite section 23-10 (which is about who may be registered) and section 25-5 (which is about when the Commissioner must register an entity).

63-25 Registration turnover threshold for non-profit sub-entities

Regulations made for the purposes of paragraph 23-15(2)(b) may:

(a) provide that they apply only to *non-profit sub-entities, or only to other non-profit entities; or

(b) specify one amount for *non-profit sub-entities and a different amount for other non-profit entities.

63-30 When non-profit sub-entities must apply for cancellation of registration

(1) If a *non-profit sub-entity is *registered and it does not meet the requirements of paragraphs 63-15(1)(a), (b) and (c), it must apply to the Commissioner in the *approved form for cancellation of its *registration. It must lodge the application within 21 days after the day on which it ceased to meet those requirements.

(2) Section 25-50 (which is about cancelling registration) does not apply to *non-profit sub-entities.

63-35 When the Commissioner must cancel registration of non-profit sub-entities

(1) The Commissioner must cancel *registration of a *non-profit sub-entity (even if it has not applied for cancellation of the registration) if the Commissioner is satisfied that the sub-entity does not meet the requirements of paragraphs 63-15(1)(a), (b) and (c).

Note: Cancelling registration under this subsection is a reviewable GST decision (see Division 7 of Part VI of the *Taxation Administration Act 1953*).

(2) The Commissioner must notify the sub-entity if the Commissioner decides to cancel its registration. The notice must specify the date of effect of the cancellation.

(3) Subsection 25-55(2) (which is about cancelling registration) does not apply to *non-profit sub-entities.

63-40 Effect on adjustments of becoming a non-profit sub-entity

(1) If a branch of an entity becomes a *non-profit sub-entity, any *adjustment arising afterwards in relation to a supply, acquisition or importation, made by the entity through the branch before it became a non-profit sub-entity:

(a) is taken to be an adjustment that the non-profit sub-entity has, as if the non-profit sub-entity had made the supply, acquisition or importation; and

(b) is not taken to be an adjustment that the entity has.

(2) For the purpose of applying subsection (1) to an adjustment under Division 129 relating to a thing acquired or imported before the branch became a *non-profit sub-entity, that Division applies as if:

(a) the extent to which the acquisition or importation of the thing was for a *creditable purpose were the extent to which the non-profit sub-entity acquired or imported it for a creditable purpose; and

(b) the extent to which the thing has been *applied for a creditable purpose since its acquisition or importation were the extent to which the non-profit sub-entity applied it for a creditable purpose.

63-45 Effect on adjustments of ceasing to be a non-profit sub-entity

(1) If a branch of an entity ceases to be a *non-profit sub-entity, any *adjustment arising afterwards in relation to a supply, acquisition or importation, made by the branch while it was a non-profit sub-entity, is taken to be an adjustment that the entity has, as if the entity had made the supply, acquisition or importation.

(2) For the purpose of applying subsection (1) to an adjustment under Division 129 relating to a thing acquired or imported before the branch ceased to be a *non-profit sub-entity, that Division applies as if:

(a) the extent to which the acquisition or importation of the thing was for a *creditable purpose were the extent to which the entity acquired or imported it for a creditable purpose; and

(b) the extent to which the thing has been *applied for a creditable purpose since its acquisition or importation were the extent to which the entity applied it for a creditable purpose.

75 At the end of section 66-1

Add “, and a form of global accounting is used for some acquisitions of second-hand goods that are divided for re-supply”.

76 After section 66-1

Insert:

Subdivision 66-A—Input tax credits for acquiring second-hand goods

77 Subsection 66-5(1)

After “*second-hand goods”, insert “for the purposes of sale or exchange (but not for manufacture) in the ordinary course of *business”.

78 Paragraph 66-5(2)(d)

Repeal the paragraph, substitute:

(d) Subdivision 66-B applies to the acquisition; or

79 Subsection 66-10(1)

After “*second-hand goods”, insert “for which the *consideration is more than $300”.

80 After subsection 66-10(1)

Insert:

(1A) The amount of the input tax credit for a *creditable acquisition of *second-hand goods for which the *consideration is $300 or less is an amount equal to 1/11 of the *consideration that you provide, or are liable to provide, for the acquisition.

81 Paragraph 66-15(1)(b)

Repeal the paragraph, substitute:

(b) either the *consideration for the acquisition was more than $300 or you choose to have this section apply to the acquisition;

82 Subsection 66-15(3)

Repeal the subsection.

83 After section 66-15

Insert:

66-17 Records of creditable acquisitions of second-hand goods

(1) If you make a *creditable acquisition of second-hand goods and the supply of the goods to you was not a *taxable supply:

(a) subsection 29-10(3) applies to the acquisition as if references to a *tax invoice were references to a record you prepared that complies with this section; and

(b) subsection 29-20(3) applies to an adjustment event relating to the acquisition as if references to an *adjustment note were references to a record you prepared that complies with this section.

(2) To comply with this section, the record must:

(a) set out the name and address of the entity that supplied the goods to you; and

(b) describe the goods (including their quantity); and

(c) set out the date of, and the *consideration for, the acquisition.

(3) This section has effect despite section 29-10 (which is about attributing the input tax credits for creditable acquisitions) and section 29-20 (which is about attributing decreasing adjustments).

84 At the end of Division 66

Add:

Subdivision 66-B—Acquisitions of second-hand goods that are divided for re-supply

66-40 Acquisitions of second-hand goods that can be used to offset GST on future re-supplies

(1) This Subdivision applies to an acquisition of *second-hand goods if:

(a) you acquire the goods for the purposes of sale or exchange (but not for manufacture) in the ordinary course of *business; and

(b) either the *consideration for the acquisition was more than $300 or you choose to have this section apply to the acquisition; and

(c) the goods are of such a kind, or they are supplied to you in such a way, that it would be reasonable to expect you to divide them before supplying them in 2 or more separate supplies; and

(d) you do not subsequently make a single supply of the entirety of the goods acquired.

(2) However, this Subdivision does not apply, and is taken never to have applied, to the acquisition if:

(a) the *consideration for the acquisition separately itemises the consideration for the different goods acquired, and your division of the goods before supplying them:

(i) corresponds to that itemisation; or

(ii) does not involve dividing the goods any further than the division indicated by that itemisation; or

(b) the supply of the goods to you was a *taxable supply, or was *GST-free; or

(c) you *imported the goods; or

(d) the supply of the goods to you was a supply by way of hire; or

(e) you make a supply of the goods, or of part of the goods, that is not a taxable supply (other than because of section 66-45).

66-45 Future re-supplies that are not taxable supplies

(1) A supply you make is not a *taxable supply if:

(a) it is a supply of goods that were part of an acquisition you made that was an acquisition of *second-hand goods to which this Subdivision applied; and

(b) your *total Subdivision 66-B credit amount is more than your *total Subdivision 66-B GST amount; and

(c) what would be the amount of GST payable on the supply, if the supply were a taxable supply, is less than or equal to the difference between:

(i) your *total Subdivision 66-B credit amount; and

(ii) your *total Subdivision 66-B GST amount.

Note: This section will not apply unless the record keeping requirements of section 66-55 are met.

(2) This section has effect despite section 9-5 (which is about what are taxable supplies).

66-50 Future re-supplies on which GST is reduced

(1) The amount of GST on a *taxable supply you make is reduced if:

(a) it is a supply of goods that were part of an acquisition you made that was an acquisition of *second-hand goods to which this Subdivision applied; and

(b) your *total Subdivision 66-B credit amount is more than your *total Subdivision 66-B GST amount; and

(c) what would be the amount of GST payable on the supply, if the amount were not reduced under this section, is more than the difference between:

(i) your total Subdivision 66-B credit amount; and

(ii) your total Subdivision 66-B GST amount.

Note: This section will not apply unless the record keeping requirements of section 66-55 are met.

(2) The amount by which the GST on the supply is reduced is an amount equal to the difference between:

(a) your *total Subdivision 66-B credit amount; and

(b) your *total Subdivision 66-B GST amount.

(3) This section has effect despite section 9-70 (which is about the amount of GST on taxable supplies).

66-55 Records of acquisitions of second-hand goods to which this Subdivision applied

Sections 66-45 and 66-50 do not apply to a supply of goods you made unless you hold a record, relating to the acquisition of *second-hand goods of which the goods supplied were a part, that:

(a) sets out the name and address of the entity that supplied the goods to you; and

(b) describes the goods (including their quantity); and

(c) sets out the date of, and the *consideration for, the acquisition.

66-60 Input tax credits for acquiring second-hand goods the supply of which is not fully taxable

(1) If an entity acquires *second-hand goods, and, because of section 66-45 and for no other reason, the supply of the goods to the entity is not a *taxable supply:

(a) the fact that the supply is not a taxable supply does not stop the acquisition being a *creditable acquisition; and

(b) the amount of the input tax credit for the creditable acquisition is worked out as if the supply were a taxable supply.

(2) If:

(a) an entity makes a *creditable acquisition of *second-hand goods; and

(b) the amount of GST on the supply of the goods to the entity was reduced because of section 66-50;

the amount of the input tax credit for the creditable acquisition is worked out as if that amount of GST had not been so reduced.

(3) This section has effect despite section 11-5 (which is about what is a creditable acquisition) and section 11-25 (which is about the amount of input tax credits for creditable acquisitions).

66-65 Total Subdivision 66-B credit amounts and Subdivision 66-B GST amounts

(1) Your ***total Subdivision 66-B credit amount*** is the sum of the amounts of the input tax credits to which you would have been entitled, for all your acquisitions of *second-hand goods to which this Subdivision applied, if this Subdivision had not applied to them.

(2) Your ***total Subdivision 66-B GST amount*** is the sum of:

(a) all the amounts of GST that, but for the operation of section 66-45, would have been payable on supplies that you made; and

(b) all the amounts by which GST payable on supplies that you made has been reduced under section 66-50.

66-70 Commissioner may determine rules for applying this Subdivision

(1) The Commissioner may, in writing, determine:

(a) that acquisitions of *second-hand goods of a specified kind are, or are not, acquisitions of second-hand goods to which this Subdivision applies; or

(b) how *total Subdivision 66-B credit amounts or *total Subdivision 66-B GST amounts are to be worked out in specified circumstances.

(2) Determinations under subsection (1) override the provisions of this Subdivision (except this section), but only to the extent of any inconsistency.

85 At the end of section 70-20

Add:

(3) The Commissioner may determine, in writing, one or more ways in which to work out, for the purpose of subsection (2), the extent to which an acquisition is for a *creditable purpose.

86 At the end of section 72-5

Add:

(3) However, this section does not apply to any supply that is constituted by an insured entity settling a claim under an *insurance policy.

87 At the end of section 72-40

Add:

(3) However, this section does not apply to any acquisition that is constituted by an insurer settling a claim under an *insurance policy.

88 After subsection 75-10(3)

Insert:

(3A) If:

(a) the circumstances specified in item 4 in the second column of the table in subsection (3) apply to the supply; and

(b) there are improvements on the land or premises in question on the day on which the *taxable supply takes place;

the valuation is to be made as if there are no improvements on the land or premises on that day.

89 Section 78-1

Repeal the section, substitute:

78-1 What this Division is about

Stamp duty is not included in working out the GST on insurance premiums. Insurers have decreasing adjustments which enable the net GST on insurance to reflect correctly their margins after settlements of claims are taken into account.

90 Subdivisions 78-A and 78-B

Repeal the Subdivisions, substitute:

Subdivision 78-A—Insurers

78-5 GST on insurance premiums is exclusive of stamp duty

(1) The *value of a *taxable supply of an *insurance policy is worked out as if the *price of the supply were reduced by the amount of any stamp duty payable under a *State law or *Territory law in respect of the supply.

(2) This section has effect despite section 9-75 (which is about the value of taxable supplies).

78-10 Decreasing adjustments for settlements of insurance claims

(1) An insurer has a ***decreasing adjustment*** if, in settlement of a claim under an *insurance policy, the insurer:
   (a) makes a payment of *money; or
   (b) makes a supply; or
   (c) makes both a payment of money and a supply.

(2) However, this section only applies if:
   (a) the supply of the *insurance policy by the insurer was solely or partly a *taxable supply; and
   (b) either:
      (i) there was no entitlement to an input tax credit for the premium paid in relation to the period during which the event giving rise to the claim happened; or
      (ii) there was an entitlement to such an input tax credit, but the amount of the input tax credit was less than the GST payable by the insurer for the taxable supply; and
   (c) the insurer settles the claim for a *creditable purpose; and
   (d) the insurer is *registered, or *required to be registered; and
   (e) the settlement does not relate solely to one or more *non-creditable insurance events.

(3) An event is a ***non-creditable insurance event*** if the supply of an *insurance policy would not be a *taxable supply if it were only an insurance policy against loss, damage, injury or risk that relates to that event happening.

78-15 How to work out the decreasing adjustments

No input tax credit for the premium

(1) If there was no entitlement to an input tax credit for the premium paid in relation to the period during which the event giving rise to the claim happened, the amount of the decreasing adjustment is $^{1}/_{11}$ of the *settlement amount.

Partial input tax credit for the premium

(2) If there was an entitlement to such an input tax credit, the amount of the decreasing adjustment is as follows:

$$\frac{1}{11} \times \text{*Settlement amount} \times \left(1 - \text{Extent of input tax credit}\right)$$

where:

extent of input tax credit is the amount of the input tax credit expressed as a fraction of the GST payable for the supply of the *insurance policy for the period to which the premium relates.

Note: There is no decreasing adjustment if there is a full input tax credit for the premium paid: see paragraph 78-10(2)(b).

Non-creditable insurance events

(3) The amount of the decreasing adjustment under subsection (1) or (2) is reduced to the extent (if any) that the settlement relates to one or more *non-creditable insurance events.

Settlement amounts

(4) The ***settlement amount*** is worked out using this method statement.

Method statement

Step 1. The sum of the payments of *money (if any) made in settlement of the claim is multiplied by the following:

$$\frac{11}{11 - \text{Extent of input tax credit}}$$

where:

extent of input tax credit has the meaning given by subsection (2).

Step 2. The *GST inclusive market value of the supplies (if any) made by the insurer in settlement of the claim (other than supplies that would have been *taxable supplies but for section 78-25) is added to the step 1 amount.

Step 3. The sum of any payments of excess made to the insurer under the *insurance policy in question is subtracted from the step 2 amount.

78-20 Settlements of insurance claims do not give rise to creditable acquisitions

(1) If, in settlement of a claim under an *insurance policy, an insurer:

(a) makes a payment of *money; or

(b) makes a supply; or

(c) makes both a payment of money and a supply;

the payment or supply is *not* treated as *consideration for an acquisition made by the insurer.

(2) This section has effect despite section 11-5 (which is about what is a creditable acquisition).

78-25 Supplies in settlement of claims are not taxable supplies

(1) A supply that an insurer makes in settlement of a claim under an *insurance policy is not a *taxable supply.

(2) This section has effect despite section 9-5 (which is about what are taxable supplies).

78-30 Acquisitions of goods by insurers in the course of settling claims

(1) An acquisition of *goods is not a *creditable acquisition if:

(a) it is *solely* an acquisition made by an insurer for the purpose of supplying the goods in the course of settling a claim under an *insurance policy; and

(b) the supply of the insurance policy by the insurer was not a *taxable supply.

(2) This section has effect despite section 11-5 (which is about what is a creditable acquisition).

78-35 Taxable supplies relating to rights of subrogation

(1) If, in settlement of a claim made by an insurer in the insurer's exercising of rights of subrogation in respect of an *insurance policy, an entity that is not insured under the policy:

(a) makes a payment of *money; or

(b) makes a supply; or

(c) makes both a payment of money and a supply;

the payment or supply is *not* treated as *consideration for a supply made by the insurer (whether or not the payment or supply is made to the insurer) or by the entity insured.

(2) This section has effect despite section 9-15 (which is about consideration).

78-40 Adjustment events relating to decreasing adjustments under this Division

Division 19 applies in relation to a *decreasing adjustment that an insurer has under this Division as if:

(a) the adjustment were an input tax credit; and

(b) the settlement of the claim to which the adjustment relates were a *creditable acquisition that the insurer made; and

(c) any payment or supply made by another entity, in settlement of a claim made by an insurer in the insurer's exercising of rights of subrogation in respect of the *insurance policy in

question, were a reduction in the *consideration for the acquisition.

Subdivision 78-B—Insured entities etc.

78-45 Settlements of insurance claims do not give rise to taxable supplies

(1) If, in settlement of a claim under an *insurance policy, an insurer:

(a) makes a payment of *money; or

(b) makes a supply; or

(c) makes both a payment of money and a supply;

the payment or supply is *not* treated as *consideration for a supply made by the entity insured, or by any entity (other than the entity insured) that was entitled to an input tax credit for the premium paid for the insurance policy.

(2) This section has effect despite section 9-15 (which is about consideration).

78-50 Settlements of insurance claims give rise to taxable supplies if entitlement to input tax credits is not disclosed

(1) However, the payment or supply *is* treated as *consideration for a supply made by an entity if:

(a) the entity paid all or a part of the premium, for the *insurance policy, relating to the period during which the event giving rise to the claim happened; and

(b) the entity was entitled to an input tax credit for the premium it paid; and

(c) the entity:

(i) did not, at or before the time the insurance policy was supplied, inform the insurer that the entity was entitled to an input tax credit for the premium it paid; or

(ii) in informing the insurer of the entitlement at or before that time, understated its extent.

It does not matter whether that entity is the entity insured, or whether the payment or supply is made to that entity or any other entity.

(2) The extent to which the payment or supply is treated as *consideration is the extent of the entitlement, or the extent to which the entitlement was understated, as the case requires.

(3) The supply made by the entity is a ***taxable supply*** whether or not the entity is *registered, or *required to be registered, at the time of the settlement or at the time of the payment or supply by the insurer.

Note: Subdivision 78-D deals with how GST applies to the taxable supply if the insured entity is not registered, or required to be registered.

(4) This section has effect despite section 9-5 (which is about what are taxable supplies) and section 9-15 (which is about consideration).

78-55 Payments of excess under insurance policies are not consideration for supplies

(1) The making of any payment by an entity is not treated as *consideration for a supply, to the entity or any other entity, to the extent that the payment is the payment of an excess to the insurer under an *insurance policy.

(2) This section has effect despite section 9-15 (which is about consideration).

78-60 Supplies of goods to insurers in the course of settling claims

(1) A supply of goods is not a *taxable supply if it is *solely* a supply made under an *insurance policy to an insurer in the course of settling a claim under the policy.

(2) In working out the ***value*** of a *taxable supply that is *partly* a supply of goods made under an *insurance policy to an insurer in the course of settling a claim under the policy, disregard the *consideration to the extent that it relates to the supply of those goods.

(3) This section has effect despite section 9-5 (which is about what are taxable supplies) and section 9-75 (which is about the value of taxable supplies).

91 At the end of Subdivision 78-C

Add:

78-75 Creditable acquisitions relating to rights of subrogation

(1) If, in settlement of a claim made by an insurer in the insurer's exercising of rights of subrogation in respect of an *insurance policy, an entity that is not insured under the policy:

(a) makes a payment of *money; or

(b) makes a supply; or

(c) makes both a payment of money and a supply;

the payment or supply is *not* treated as *consideration for an acquisition made by the entity.

(2) This section has effect despite section 11-5 (which is about what is a creditable acquisition).

92 Subsection 78-80(1)

Omit "section 78-30", substitute "section 78-50".

93 Paragraph 78-85(1)(a)

Omit "section 78-30", substitute "section 78-50".

94 Paragraphs 78-90(1)(a) and (b)

Omit "section 78-30", substitute "section 78-50".

95 At the end of Division 78

Add:

Subdivision 78-E—Statutory compensation schemes

78-95 GST on premiums etc. under statutory compensation schemes is exclusive of stamp duty

(1) The *value of a *taxable supply of membership of, or participation in, a *statutory compensation scheme is worked out as if the *price of the supply were reduced by the amount of any stamp duty payable under a *State law or *Territory law in respect of the supply.

(2) This section has effect despite section 9-75 (which is about the value of taxable supplies).

78-100 Settlements of claims for compensation under statutory compensation schemes

(1) This Division applies in relation to a payment or supply made in settlement of a claim for compensation under a *statutory compensation scheme in the same way that it applies to a payment or supply made in settlement of a claim under an *insurance policy.

(2) For the purposes of the application of this Division in relation to such a payment or supply:

(a) the claim for compensation under the scheme is treated as a claim under an *insurance policy; and

(b) the entity operating the scheme is treated as the insurer; and

(c) an entity is treated as the entity insured if:

(i) the entity's payment of premiums, contributions or similar payments under the scheme, or payment of levy in connection with the scheme; or

(ii) the entity's liability to pay premiums, contributions or similar payments under the scheme, or liability to pay levy in connection with the scheme;

enabled the claim for compensation to arise; and

(d) the supply of membership of, or participation in, the scheme is treated as the supply of an *insurance policy.

78-105 Meaning of statutory compensation scheme

A ***statutory compensation scheme*** is a scheme or arrangement:

(a) that is established by an *Australian law; and

(b) under which compensation is payable for particular kinds of injury, loss or damage; and

(c) that is specified in the regulations, or that is of a kind specified in the regulations.

Subdivision 78-F—Miscellaneous

78-110 Effect of judgments and court orders

If:

(a) in compliance with a judgment or order of a court relating to:

(i) a claim under an *insurance policy; or

(ii) a claim by an insurer in exercising rights of subrogation in respect of an insurance policy; or

(iii) a claim for compensation under a *statutory compensation scheme;

an entity makes a payment of *money, makes a supply, or makes both a payment of money and a supply; and

(b) had the payment or supply been made in the absence of such a judgment or order, it would have been a payment or supply made in settlement of the claim;

the payment or supply is treated as having been made in settlement of the claim.

78-115 Exclusion of certain Commonwealth, State or Territory insurance schemes

This Division (other than sections 78-5 and 78-95) does not apply to an *insurance policy, or to a payment or supply made in settlement of a claim made under an insurance policy, if:

(a) the policy was supplied under a scheme for insurance, or a *statutory compensation scheme, established by an *Australian law; and

(b) that scheme is of a kind specified in the regulations.

96 After Division 84

Insert:

Division 85—Telecommunication supplies

85-1 What this Division is about

Telecommunication supplies that are effectively used or enjoyed in Australia are included in the GST system (regardless of where the supplier has a physical presence).

85-5 When telecommunication supplies are connected with Australia

(1) A *telecommunication supply is ***connected with Australia*** if the *recipient of the supply will effectively use or enjoy the supply in Australia.

(2) However, subsection (1) does not apply to a *telecommunication supply, or a telecommunication supply included in a class of telecommunication supplies, if:

(a) the supplier makes the supply through an *enterprise that is not *carried on in Australia; and

(b) the Commissioner determines that collection of GST on that supply or class of supplies would not be administratively feasible.

(3) This section has effect in addition to section 9-25 (which is about when supplies are connected with Australia).

85-10 Meaning of telecommunication supply

A ***telecommunication supply*** is a supply relating to the transmission, emission or reception of signals, writing, images, sounds or information of any kind by wire, radio, optical or other electromagnetic systems. It includes:

(a) the related transfer or assignment of the right to use capacity for such transmission, emission or reception; and

(b) provision of access to global information networks.

97 Paragraph 96-5(1)(c)

Repeal the paragraph, substitute:

(c) a *telecommunication supply;

(d) a supply of anything, other than goods or real property, that is not a telecommunication supply;

98 After Division 99

Insert:

Division 100—Vouchers

100-1 What this Division is about

A supply of a voucher for supplies up to a stated monetary value is not subject to GST. GST may still be payable on the supply for which the voucher is redeemed, and there is an increasing adjustment for unredeemed vouchers.

Note: Vouchers that do not state a monetary value can be subject to GST when supplied, but the price of the voucher is excluded when working out the GST on the supply for which the voucher is redeemed (see paragraph 9-15(3)(a)).

100-5 Supplies of vouchers stating monetary value

(1) A supply of a *voucher is not a *taxable supply if:

(a) on redemption of the voucher, the holder of the voucher is entitled to supplies up to a monetary value stated on the voucher; and

(b) the *consideration for supply of the voucher does not exceed that monetary value.

(2) If the *consideration for supply of the voucher exceeds that monetary value, the consideration is treated (except for the purposes of this section) as if it were reduced by that monetary value.

(3) This section has effect despite section 9-5 (which is about what are taxable supplies) and section 9-15 (which is about consideration).

100-10 Redemption of vouchers

(1) The act of redeeming a *voucher is not a supply.

Note: A supply for which the voucher is redeemed is still a supply.

(2) Subsection (1) has effect despite section 9-10 (which is about what is a supply).

(3) Paragraph 9-15(3)(a) (which is about the consideration for exercising rights or options) does not apply to a right or option that is granted by way of a *voucher if, on redemption of the voucher, the holder of the voucher is entitled to supplies up to a monetary value stated on the voucher.

100-15 Increasing adjustments for unredeemed vouchers

(1) You have an ***increasing adjustment*** if:

(a) you supplied a *voucher for *consideration; and

(b) on redemption of the voucher, the holder of the voucher was entitled to supplies up to a monetary value stated on the voucher; and

(c) the voucher has not been redeemed; and

(d) you have, for accounting purposes, written back to current income any reserves for the redemption of the voucher.

(2) The amount of the increasing adjustment is 1/11 of the amount written back to current income.

100-20 Vouchers supplied to non-residents and redeemed by others in Australia

This Division does not apply to a *voucher supplied to a *non-resident if, because of the application of subsection 38-190(3), the supply is not *GST-free.

100-25 Meaning of voucher

A ***voucher*** is any voucher, token, stamp, coupon or similar article the redemption of which in accordance with its terms entitles the holder to receive supplies in accordance with its terms. However, a postage stamp is not a voucher.

99 Subparagraph 117-5(1)(b)(i)

Repeal the subparagraph, substitute:

(i) for the *international transport of the goods to their *place of consignment in Australia; and

100 At the end of Subdivision 129-A

Add:

129-15 Adjustments do not arise under this Division where there are adjustments under Division 130

Despite section 129-5, you cannot have an adjustment under this Division for an acquisition if you have already had an *adjustment under Division 130 (goods applied solely to private or domestic use) for the acquisition.

101 Subparagraph 129-20(1)(b)(ii)

Omit "ends" (second occurring).

102 Subsection 129-25(1)

Omit all the words from and including "the next *adjustment period", substitute:

the next tax period applying to you that ends:

(d) on 30 June in any year; or

(e) if none of the tax periods applying to you in a particular year ends on 30 June—closer to 30 June than any of the other tax periods applying to you in that year;

is the last *adjustment period for the acquisition or importation in question.

103 At the end of section 129-40

Add:

(3) If the thing is acquired through a *reduced credit acquisition and, at the time of the acquisition, it was wholly for a *creditable purpose because of Division 70, the extent to which it was acquired for a creditable purpose is the reduced input tax credit percentage prescribed for the purposes of subsection 70-5(2) for an acquisition of that kind.

104 Section 129-80 (heading)

Repeal the heading, substitute:

129-80 Effect of adjustment under Division 19 or 21

105 After Division 129

Insert:

Division 130—Goods applied solely to private or domestic use

130-1 What this Division is about

> You may have an increasing adjustment if you apply solely to private or domestic use goods for which you had a full input tax credit.

130-5 Goods applied solely to private or domestic use

(1) You have an ***increasing adjustment*** if:

(a) you made a *creditable acquisition or *creditable importation of goods; and

(b) the acquisition or importation was solely for a *creditable purpose; and

(c) you *apply the goods solely to private or domestic use.

(2) The amount of the increasing adjustment is an amount equal to the amount of the input tax credit to which you were entitled for the acquisition or importation, taking account of any *adjustments for the acquisition or importation.

(3) However, this section does not apply if you have previously had an adjustment under Division 129 for the acquisition or importation.

106 After Division 135

Insert:

Division 136—Bad debts relating to partly taxable or creditable transactions

136-1 What this Division is about

> If you have an adjustment under Division 21 for a bad debt relating to a supply that was partly taxable or an acquisition that was partly creditable, the amount of that adjustment is reduced under this Division.

136-5 Adjustments relating to partly taxable supplies

If you have an *adjustment under section 21-5 or 21-10 in relation to a supply that was partly a *taxable supply, the amount of that adjustment is reduced to the following amount:

$$\text{Full adjustment} \times \text{Taxable proportion}$$

where:

full adjustment is what would be the amount of the adjustment worked out under section 21-5 or 21-10 if this section did not apply.

taxable proportion is the proportion of the *value of the supply (worked out as if it were solely a taxable supply) that the taxable supply represents.

Example: If the amount of an adjustment under section 21-5 would be $100 but the supply was only 80% taxable, the amount of the adjustment is $80.

136-10 Adjustments in relation to partly creditable acquisitions

(1) If you have an *adjustment under section 21-15 or 21-20 in relation to a *creditable acquisition that was *partly creditable, the amount of that adjustment is reduced to the following amount:

$$\text{Full adjustment} \times \text{Extent of creditable purpose} \times \text{Extent of consideration}$$

where:

extent of consideration is the extent to which you provide, or are liable to provide, the *consideration for the acquisition, expressed as a percentage of the total consideration for the acquisition.

extent of creditable purpose is the extent of *creditable purpose last used to work out:

(a) the amount of the input tax credit for the acquisition; or

(b) the amount of any *adjustment under Division 129 in relation to the acquisition;

expressed as a percentage of the total purpose of the acquisition.

full adjustment is what would be the amount of the adjustment worked out under section 21-15 or 21-20 if this section did not apply.

(2) If you have an *adjustment under section 21-15 or 21-20 in relation to a *creditable acquisition that was a *reduced credit acquisition and that was not *partly creditable (that is, it is wholly for a *creditable purpose because of Division 70), the amount of that adjustment is reduced to the following amount:

$$\text{Full adjustment} \times \text{Percentage credit reduction} \times \text{Extent of consideration}$$

where:

extent of consideration is the extent to which you provide, or are liable to provide, the *consideration for the acquisition, expressed as a percentage of the total consideration for the acquisition.

percentage credit reduction is the reduced input tax credit percentage prescribed for the purposes of subsection 70-5(2) for an acquisition of that kind.

full adjustment is what would be the amount of the adjustment worked out under section 21-15 or 21-20 if this section did not apply.

107 Before Division 138

Insert:

Division 137—Stock on hand on becoming registered etc.

137-1 What this Division is about

> If you become registered or required to be registered, you may have a decreasing adjustment for stock you have already acquired.

137-5 Adjustments for stock on hand on becoming registered etc.

(1) You have a ***decreasing adjustment*** if:

(a) you become *registered or *required to be registered; and

(b) at that time, you hold stock for the purpose of sale or exchange, or for use as raw materials, in *carrying on your *enterprise; and

(c) you had acquired the stock solely or partly for a *creditable purpose.

(2) However, this section does not apply if:

(a) you were entitled to an input tax credit for the acquisition; and

(b) you have not had a *increasing adjustment under Division 138 (cessation of registration) relating solely or partly to the stock.

(3) The amount of the decreasing adjustment is an amount equal to what would have been the *previously attributed input tax credit amount for the acquisition if you had been *registered at the time of the acquisition.

108 At the end of Part 4-5

Add:

Division 149—Government entities

149-1 What this Division is about

> Parts of the Commonwealth, a State or a Territory may register even if they are not separate legal entities. Once registered, they

may become liable for GST and entitled to input tax credits. Government entities may also form GST groups.

149-5 Government entities may register

(1) A *government entity may apply to be *registered under section 23-10 even if:

(a) it is not an entity; and

(b) it is not *carrying on an *enterprise or is not intending to carry on an enterprise.

(2) For the purposes of subsections 25-5(1) and (3), the Commissioner is to treat the government entity as an entity.

(3) The Commissioner must *register the government entity whether or not the Commissioner is satisfied that it is *carrying on an *enterprise or intending to carry on an enterprise.

(4) This section has effect despite section 23-10 (which is about who may be registered) and modifies the effect of section 25-5 (which is about when the Commissioner must register an entity).

149-10 Government entities are not required to be registered

(1) A *government entity is not *required to be registered even if:

(a) it is *carrying on an *enterprise; and

(b) its *annual turnover meets the *registration turnover threshold.

(2) This subsection has effect despite section 23-5.

149-15 This Act applies to registered government entities

For the purposes of this Act, a *government entity that is *registered is treated, while its registration has effect, as if it were an entity carrying on an *enterprise.

149-20 Government entities not required to cancel their registration

Section 25-50 and subsection 25-55(2) (which are about cancelling registration) do not apply to *government entities.

149-25 Membership requirements of a government GST group

A *government related entity ***satisfies the membership requirements*** for a *GST group, or a proposed GST group, of government related entities if:

(a) it is *registered; and

(b) it is not a *member of any other GST group; and

(c) it has the same tax periods applying to it as the tax periods applying to all the other members of the GST group or proposed GST group; and

(d) it accounts on the same basis as all those other members; and

(e) all those other members are government related entities.

Note: Some government related entities can still use section 48-10 to satisfy the membership requirements of GST groups.

109 Division 153 (heading)

Repeal the heading, substitute:

Division 153—Agents and insurance brokers

110 At the end of section 153-1

Add “, or when insurance is supplied through an insurance broker”.

111 At the end of Division 153

Add:

153-25 Insurance supplied through insurance brokers

(1) If an insurer supplies an *insurance policy through an *insurance broker acting on behalf of the *recipient of the supply, this Division has effect as if the supply were made through the insurance broker as an agent of the insurer.

(2) This section does not affect the application of this Division in relation to the acquisition of the *insurance policy through the insurance broker as an agent of the *recipient.

112 Subsection 156-5(1)

Omit “to one or more tax periods”, substitute “, in accordance with section 29-5,”.

113 Subsection 156-5(2)

Repeal the subsection, substitute:

(2) If the progressive or periodic components of such a supply are not readily identifiable, the components correspond to the proportion of the total *consideration for the supply that the separate amounts of consideration represent.

114 Subsection 156-10(1)

Omit “to one or more tax periods”, substitute “, in accordance with section 29-10,”.

115 Subsection 156-10(2)

Repeal the subsection, substitute:

(2) If the progressive or periodic components of such an acquisition are not readily identifiable, the components correspond to the proportion of the total *consideration for the acquisition that the separate amounts of consideration represent.

116 After section 177-10

Insert:

177-12 GST implications of references to price, value etc. in other Acts

(1) In any Act, unless the contrary intention appears, a reference to a *price relating to a supply, or proposed supply, is taken to include the *net GST (if any) that is, or would be, payable by an entity making the supply.

(2) Subsection (1) applies in relation to:

(a) any fee or charge made, or required to be made; or

(b) any *consideration provided, or required to be provided;

for or in connection with the supply in the same way that it applies to a *price relating to a supply.

(3) In any Act, unless the contrary intention appears, a reference to the value relating to a thing is taken not to include the GST (if any) that would be payable if an entity were to make a supply of the thing.

(4) This section does not apply to:
  (a) this Act; or
  (b) the *Income Tax Assessment Act 1997*; or
  (c) the *A New Tax System (Wine Equalisation Tax) Act 1999*; or
  (d) the *A New Tax System (Luxury Car Tax) Act 1999*; or
  (e) Schedule 1 to the *Taxation Administration Act 1953*; or
  (f) the *Income Tax Assessment Act 1936*; or
  (g) the *Fringe Benefits Tax Assessment Act 1986*; or
  (h) the *Petroleum Resource Rent Tax Assessment Act 1987*.

117 At the end of section 184-1

Add:

Note: For GST purposes, non-profit sub-entities are treated as entities (see Division 63), and government entities can be treated as entities (see Division 149).

118 At the end of Division 184

Add:

184-5 Supplies etc. by partnerships and other unincorporated bodies

(1) For the avoidance of doubt, a supply, acquisition or importation made by or on behalf of a partner of a *partnership in his or her capacity as a partner:
  (a) is taken to be a supply, acquisition or importation made by the partnership; and
  (b) is not taken to be a supply, acquisition or importation made by that partner or any other partner of the partnership.

Note: Section 50 of the *Taxation Administration Act 1953* deals with the liability of partners for the obligations imposed on a partnership under the GST law.

(2) For the avoidance of doubt, a supply, acquisition or importation made by or on behalf of one or more members of the committee of management of an unincorporated association or body of persons

(other than a *partnership), in their capacity as members of that committee:

(a) is taken to be a supply, acquisition or importation made by the body; and

(b) is not taken to be a supply, acquisition or importation made by any members of the association or body.

Note: Section 52 of the *Taxation Administration Act 1953* deals with the liability of members of committees of management for the obligations imposed on an unincorporated association or body of persons under the GST law.

119 Section 195-1

Insert:

cease to be a member of a GST group means:

(a) your approval as a *member of a *GST group is revoked; or

(b) the approval of a GST group of which you are a member is revoked.

120 Section 195-1

Insert:

cease to be a participant of a GST joint venture means:

(a) your approval as a *participant of a *GST joint venture is revoked; or

(b) the approval of a GST joint venture of which you are a participant is revoked.

121 Section 195-1 (definition of connected with Australia)

Omit “section 9-25”, substitute “sections 9-25 and 85-5”.

122 Section 195-1 (note at the end of the definition of consideration)

Omit “78-30, 78-35”, substitute “78-20, 78-35, 78-45, 78-50”.

123 Section 195-1 (note at the end of the definition of consideration)

After “99-5”, insert “, 100-5”.

124 Section 195-1 (definition of creditable acquisition)

Omit “and subsection 78-5(2)”.

125 Section 195-1 (note at the end of the definition of creditable acquisition)

Omit “78-15”, substitute “78-30”.

126 Section 195-1 (definition of dealer in precious metal)

Omit “for investment purposes”.

127 Section 195-1 (after table item 4 of the definition of decreasing adjustment)

Insert:

4A	Section 78-10	Payments or supplies made in settlement of insurance claims

128 Section 195-1 (at the end of the table in the definition of decreasing adjustment)

Add:

7	Section 137-5	Stock on hand on becoming registered etc.

129 Section 195-1 (definition of financial supply)

Omit “section 40-5”, substitute “the regulations made for the purposes of subsection 40-5(2)”.

130 Section 195-1

Insert:

government entity has the meaning given by section 41 of the *A New Tax System (Australian Business Number) Act 1999*.

131 Section 195-1

Insert:

government related entity is:

(a) a *government entity; or

(b) an entity that would be a government entity but for subparagraph (e)(i) of the definition of ***government entity*** in the *A New Tax System (Australian Business Number) Act 1999*; or

(c) a local governing body established by or under a *State law or *Territory law.

132 Section 195-1 (definition of GST exclusive market value)

Repeal the definition, substitute:

GST exclusive market value, in relation to a supply or acquisition:

(a) other than of a *luxury car—is 10/11 of the *GST inclusive market value of the supply or acquisition; or

(b) of a *luxury car—is 10/11 of the *GST inclusive market value of the luxury car (excluding any *luxury car tax that is, or would be, payable on the supply of that car).

133 Section 195-1 (paragraph (a) of the definition of GST exclusive value)

Repeal the paragraph, substitute:

(a) in relation to an acquisition:

(i) other than of a *luxury car—means 10/11 of the *price of the supply of the thing being acquired; or

(ii) of a *luxury car—means 10/11 of the *price of the supply of the luxury car (excluding any *luxury car tax payable on the supply); and

134 Section 195-1 (definition of GST inclusive market value)

Omit "the amount of GST (if any)", substitute "any amount of GST or *luxury car tax".

135 Section 195-1 (after table item 4 of the definition of increasing adjustment)

Insert:

4A	Section 100-15	Unredeemed vouchers

136 Section 195-1 (after table item 5 of the definition of increasing adjustment)

Insert:

5A	Section 130-5	Goods applied solely to private or domestic use

137 Section 195-1 (definition of insurance policy)

Repeal the definition, substitute:

insurance policy means a policy of insurance (or of reinsurance) against loss, damage, injury or risk of any kind, whether under a contract or a law. However, it does not include such a policy to the extent that it does not relate to insurance (or reinsurance) against loss, damage, injury or risk of any kind.

138 Section 195-1

Insert:

insurance broker has the meaning given by section 11 of the *Insurance Contracts Act 1984*.

139 Section 195-1 (definition of joint venture operator)

Omit "*participant of the joint venture nominated as mentioned in paragraph 51-5(e)", substitute "*company nominated to be the joint venture operator under paragraph 51-5(e)".

140 Section 195-1 (definition of live stock)

Repeal the definition.

141 Section 195-1 (definition of member)

Repeal the definition, substitute:

member, in relation to a *GST group, means an entity or a *government related entity currently approved as one of the members of the group under section 48-5 or paragraph 48-70(1)(a).

142 Section 195-1

Insert:

net GST: the ***net GST*** that is or would be payable by an entity for a supply is:

(a) the GST that is or would be payable by the entity on the supply; plus

(b) the sum of any *increasing adjustments that the entity has or would have relating to the supply; minus

(c) the sum of any *decreasing adjustments that the entity has or would have relating to the supply.

143 Section 195-1

Insert:

overdue: a debt is overdue if there has been a failure to discharge the debt, and that failure is a breach of the debtor's obligations in relation to the debt.

144 Section 195-1

Insert:

Non-profit sub-entity has the meaning given by subsection 63-15(3).

145 Section 195-1 (definition of precious metal)

Omit "in any form" (wherever occurring), substitute "in an investment form".

146 Section 195-1 (paragraph (d) of the definition of precious metal)

After "substance", insert "(in an investment form)".

147 Section 195-1 (paragraph (a) of the definition of pre-school course)

Repeal the paragraph, substitute:

(a) in accordance with a pre-school curriculum recognised by:

(i) the education authority of the State or Territory in which the course is delivered; or

(ii) a State or Territory body that has the responsibility for recognising pre-school curricula for courses delivered in that State or Territory; and

148 Section 195-1 (definition of registration turnover threshold)

Omit “section 23-15”, substitute “sections 23-15 and 63-25”.

149 Section 195-1 (at the end of the definition of satisfies the membership requirements)

Add “or 149-25”.

150 Section 195-1 (paragraph (c) of the definition of second-hand goods)

Repeal the paragraph, substitute:

(c) animals or plants.

151 Section 195-1

Insert:

settlement amount has the meaning given by subsection 78-15(4).

152 Section 195-1

Insert:

statutory compensation scheme has the meaning given by section 78-105.

153 Section 195-1 (definition of taxable supply)

Omit “78-30”, substitute “78-50”.

154 Section 195-1 (note at the end of the definition of taxable supply)

Omit “72-5, 78-45, 78-50”, substitute “66-45, 72-5, 78-25, 78-60”.

155 Section 195-1 (note at the end of the definition of taxable supply)

Omit “and 113-1”, substitute “, 100-5 and 113-5”.

156 Section 195-1

Insert:

telecommunication supply has the meaning given by section 85-10.

157 Section 195-1

Insert:

total Subdivision 66-B credit amount has the meaning given by subsection 66-65(1).

158 Section 195-1

Insert:

total Subdivision 66-B GST amount has the meaning given by subsection 66-65(2).

159 Section 195-1 (paragraph (b) of the definition of value)

Omit “78-40, 78-45”, substitute “78-5, 78-60, 78-95”.

160 Section 195-1 (paragraph (b) of the definition of value)

Omit “and” (last occurring).

161 Section 195-1 (paragraph (c) of the definition of value)

Repeal the paragraph.

162 Section 195-1

Insert:

voucher has the meaning given by section 100-25.

Part 2—Amendment of the A New Tax System (Luxury Car Tax) Act 1999

163 Paragraph 7-10(3)(c)

After “item”, insert “4, 8, 15,”.

164 Paragraph 15-40(1)(c)

Omit “due”, substitute “*overdue”.

165 Subparagraph 15-40(2)(b)(ii)

Omit “due”, substitute “*overdue”.

166 Paragraph 15-45(1)(b)

Omit “due”, substitute “*overdue”.

167 Subparagraph 15-45(2)(a)(ii)

Omit “due”, substitute “*overdue”.

168 Section 27-1 (definition of car)

Repeal the definition, substitute:

> ***car*** means a *motor vehicle (except a motor cycle or similar vehicle) that is:
>
> (a) designed to carry a load of less than 2 tonnes and fewer than 9 passengers; or
>
> (b) a limousine (regardless of the number of passengers it is designed to carry).

169 Section 27-1

Insert:

> ***overdue***: a debt is overdue if there has been a failure to discharge the debt, and that failure is a breach of the debtor’s obligations in relation to the debt.

Part 3—Amendment of the A New Tax System (Wine Equalisation Tax) Act 1999

170 Subsection 7-15(1)

After “item”, insert “4, 8,”.

171 At the end of Part 5

Add:

Division 25—Tourist refund scheme

25-1 What this Division is about

> If you take wine overseas as accompanied baggage, you may be entitled to a refund of the wine tax borne by you on the wine.

25-5 Tourist refund scheme

(1) If:

(a) you have *borne wine tax on wine that you purchased; and

(b) the purchase is of a kind specified in the regulations; and

(c) you leave Australia, and export the wine from Australia as accompanied baggage, in the circumstances specified in the regulations;

the Commissioner must, on behalf of the Commonwealth, pay to you an amount equal to:

(d) the amount of the wine tax that you have borne on the wine; or

(e) such proportion of that amount of wine tax as is specified in the regulations.

(2) The regulations may specify how amounts of *wine tax borne are to be worked out.

(3) The amount is payable within the period and in the manner specified in the regulations.

172 Section 33-1 (at the end of the definition of application to own use)

Add:

; or (g) using the wine as part of the process of manufacture or other treatment or processing of wine or other goods.

Schedule 2—Indirect tax transition

A New Tax System (Goods and Services Tax Transition) Act 1999

1 Paragraph 11(1A)(a)

Repeal the paragraph.

2 Before subsection 11(2)

Insert:

(1B) This section does not apply to:

(a) a supply of a long-term lease made before 1 July 2000; or

(b) a supply of a voucher made before 1 July 2000 if, on redemption of the voucher, the holder of the voucher is entitled to supplies up to a monetary value stated on the voucher.

3 Subsection 11(4)

Repeal the subsection, substitute:

(4) If this section has an effect in relation to a supply, it has a corresponding effect in relation to the acquisition to which the supply relates.

4 After subsection 12(1)

Insert:

(1A) However, this section does not apply to a supply of a warranty (whether express, implied or required by law) that relates to goods or a service, if the value of the warranty was included in the price of the goods or service.

5 At the end of section 12

Insert:

(4) This section does not apply to a supply of a long-term lease made before 1 July 2000.

(5) In this section:

warranty, in relation to goods or a service, means an undertaking or obligation in relation to:

(a) the quality, performance or characteristics of the goods or service; or

(b) the provision of services that are or may at any time be required in respect of the goods or service; or

(c) the supply of parts that are or may at any time be required for the goods;

given or made in connection with the supply of the goods or service.

(6) If this section has an effect in relation to a supply, it has a corresponding effect in relation to the acquisition to which the supply relates.

6 Subsection 14(2)

Repeal the subsection, substitute:

(2) To the extent that the supply is constituted by the supply of the right, so much of the supply as is made before 1 July 2000 is instead taken, for the purposes of this Act, to be made on 1 July 2000.

7 At the end of section 14

Add:

(6) If this section has an effect in relation to a supply, it has a corresponding effect in relation to the acquisition to which the supply relates.

8 Section 15

Repeal the section, substitute:

15 Funeral agreements

(1) If, before 1 July 2000, you enter, or have entered, into an agreement for a supply consisting of the provision of a funeral (or a right to the provision of a funeral):

(a) section 11 and this Part (apart from this section) do not apply; and

(b) the supply of any right under the agreement relating to the provision of a funeral is taken to be a supply made on or after 1 July 2000 only if the funeral is provided on or after that day.

(2) If you entered into the agreement before 1 December 1999 and the funeral is provided on or after 1 July 2000, the supply is GST-free to the extent that the consideration for the supply is paid before the earlier of the following:

(a) 1 July 2005;

(b) if a review opportunity (within the meaning of subsection 13(5)) arises—when that opportunity arises.

9 At the end of subsection 16(1)

Add:

Note: In some cases relating to alcoholic beverages, subsections 16A(3) and 16B(3) prevent special credits arising.

10 At the end of paragraph 16(2)(b)

Add “, if those goods are opened stock”.

11 At the end of subsection 16(2)

Add:

; (c) wine within the meaning of the *A New Tax System (Wine Equalisation Tax) Act 1999.*

12 At the end of subsection 16(3)

Add:

Note: In some cases relating to alcoholic beverages, subsections 16A(2) and 16B(2) reduce the amounts of special credits.

13 After subsection 16(3)

Insert:

(3A) However, if the amount of sales tax you have borne in respect of the goods changes after 1 July 2000, the amount of the special credit changes accordingly.

14 Subsection 16(4)

Omit “before 22 January 2001”, substitute “for a tax period that ends before 7 January 2001”.

15 Subsection 16(4A)

Repeal the subsection, substitute:

(4A) If the amount of the special credit changes under subsection (3A) after you lodged that return, you must lodge with the Commissioner an amended GST return for that tax period. You must lodge it on or before the 21st day of the month following the end of the tax period in which the change happens.

16 After section 16

Insert:

16A Special GST credit for certain alcoholic beverages on which duty has increased

(1) This section applies to goods if:

(a) you are entitled to a special credit under section 16 in respect of the goods (or would be so entitled apart from subsection (3) of this section); and

(b) they are goods mentioned in subsection 15A(1) (alcoholic beverages) of the *Sales Tax (Exemptions and Classifications) Act 1992*; and

(c) either:

(i) an amount of excise duty or customs duty (the ***old duty amount***) in respect of the goods was paid before 1 July 2000; or

(ii) the goods were delivered into home consumption before 1 July 2000 under a permission given under subsection 61C(1) of the *Excise Act 1901* or granted under subsection 69(3) of the *Customs Act 1901*, and an amount of excise duty or customs duty (the ***old duty amount***) was or is payable in respect of the goods; and

(d) were excise duty or customs duty (whichever is applicable) instead to become payable on the goods immediately after

1 July 2000, the amount of that duty (the ***new duty amount***) would be greater than the old duty amount.

(2) The amount of the special credit in respect of the goods is reduced by an amount equal to the difference between the new duty amount and the old duty amount.

(3) However, there is no special credit in respect of the goods if the difference between the new duty amount and the old duty amount equals or exceeds what would (apart from this section) be the amount of the special credit.

16B Special GST credit for certain alcoholic beverages on which duty would not previously have been paid

(1) This section applies to goods if:

(a) you are entitled to a special credit under section 16 in respect of the goods (or would be so entitled apart from subsection (3) of this section); and

(b) they are goods mentioned in subsection 15A(1) (alcoholic beverages) of the *Sales Tax (Exemptions and Classifications) Act 1992*; and

(c) immediately before 1 July 2000, the goods were not:

(i) excisable goods (within the meaning of the *Excise Act 1901*); or

(ii) goods of a kind in respect of which customs duty was imposed by the Parliament, or goods the subject of a Customs Tariff or Customs Tariff proposed in the Parliament; and

(d) immediately after 1 July 2000, the goods became goods of a kind referred to in subparagraph (c)(i) or (ii).

(2) The amount of the special credit in respect of the goods is reduced by an amount (the ***new duty amount***) equal to what would be the excise duty or customs duty (whichever is applicable) in respect of the goods if that duty were to become payable immediately after 1 July 2000.

(3) However, there is no special credit in respect of the goods if the new duty amount equals or exceeds what would (apart from this section) be the amount of the special credit.

(4) To avoid doubt, goods that are subject to a "free" rate of duty, or which, under a Customs Tariff proposed in the Parliament, would be subject to a "free" rate of duty, are not goods of a kind referred to in subparagraph (1)(c)(ii).

16C Special petroleum credits

(1) You are entitled to a special petroleum credit if:

(a) you are registered as at 1 July 2000; and

(b) you have on hand, at the start of 1 July 2000, goods you acquired or imported that are held for the purposes of sale or exchange (but not for manufacture) in the ordinary course of business; and

(c) the goods are petroleum products of a kind specified in the regulations; and

(d) either:

(i) an amount of excise duty or customs duty (the ***old duty amount***) in respect of the goods was paid before 1 July 2000; or

(ii) the goods were delivered into home consumption before 1 July 2000 under a permission given under subsection 61C(1) of the *Excise Act 1901* or granted under subsection 69(3) of the *Customs Act 1901*, and an amount of excise duty or customs duty (the ***old duty amount***) was or is payable in respect of the goods; and

(e) were excise duty or customs duty (whichever is applicable) instead to become payable on the goods after 1 July 2000, the amount of that duty (the ***new duty amount***) would be less than the old duty amount.

(2) The amount of the special petroleum credit in respect of the goods is an amount equal to the difference between the old duty amount and the new duty amount.

(3) The Commissioner must, on behalf of the Commonwealth, pay the special petroleum credit to you or, as provided in the regulations, to another person on your behalf. The payment must be made within the period and in the manner specified in the regulations.

17 Subsection 18(1)

Repeal the subsection, substitute:

(1) Division 66 of the GST Act applies to second-hand goods you acquired before 1 July 2000 only if:

(a) you held them at the start of that day for the purposes of sale or exchange (but not for manufacture) in the ordinary course of business; and

(b) you had not previously held them for any other purpose.

(1A) However, if:

(a) because of this section, you are entitled to an input tax credit for an acquisition of second-hand goods; and

(b) the *consideration for the acquisition was $300 or less;

the input tax credit is treated as though it were an input tax credit attributable to any one tax period of your choice.

18 At the end of section 20

Add:

(5) If you are not entitled to an input tax credit on an acquisition because of this section, sections 21-15 and 21-20 of the GST Act do not apply to you in relation to that acquisition.

(6) If an input tax credit to which you are entitled is reduced by 50% because of this section, then, for the purposes of applying section 21-15 or 21-20 of the GST Act (where relevant), the amount of any adjustment under that section is reduced by 50% (before any application of Division 136 of that Act).

19 Subsections 22(1) and (2)

Omit “is not a taxable supply”, substitute “does not give rise to any adjustment, and is not a taxable supply, under Division 78 of the GST Act”.

20 Subsections 22(3) and (4)

Repeal the subsections.

21 Section 23

Repeal the section, substitute:

23 Input tax credits relating to compulsory third party schemes

(1) You are not entitled to an input tax credit for:

(a) a premium, contribution or similar payment made under, or a levy paid in connection with, a compulsory third party scheme before 1 July 2003; or

(b) a premium paid, before 1 July 2003, on an insurance policy issued under a compulsory third party scheme.

(2) A ***compulsory third party scheme*** is:

(a) a statutory compensation scheme; or

(b) a scheme or arrangement, established by an Australian law, under which insurance policies are issued;

that is specified in the regulations, or that is of a kind specified in the regulations.

22 After section 23

Insert:

23A Disclosure before 1 July 2000 of entitlement to input tax credits for insurance premiums

Section 78-50 of the GST Act does not apply to an entity in relation to an insurance policy supplied before 1 July 2000 if, before that day, the entity informed the insurer of the extent to which the entity was entitled to an input tax credit for the premium it paid.

23 At the end of Part 5

Add:

24A Unredeemed vouchers

Section 100-15 of the GST Act applies to vouchers supplied before 1 July 2000, and not redeemed before that day, in the same way that it applies to vouchers supplied after that day.

Schedule 3—Commonwealth-State financial arrangements

A New Tax System (Commonwealth-State Financial Arrangements) Act 1999

1 Section 4

Insert:

general interest charge means the charge worked out under Division 1 of Part IIA of the *Taxation Administration Act 1953*.

2 Section 4

Insert:

luxury car tax law has the meaning given by section 27-1 of the *A New Tax System (Luxury Car Tax) Act 1999*.

3 Section 4

Insert:

wine equalisation tax law has the meaning given by section 33-1 of the *A New Tax System (Wine Equalisation Tax) Act 1999*.

4 After paragraph 5(3)(a)

Insert:

(aa) the amount of general interest charge that was collected to the extent that it is attributable to:

(i) unpaid GST; or

(ii) unpaid general interest charge, being general interest charge payable in respect of unpaid GST; and

5 At the end of subsection 5(4)

Add:

; to the extent that the amounts are attributable to GST.

6 After subsection 5(4)

Insert:

(4A) In making determinations and estimates for the purposes of subsection (2), the Commissioner must make such adjustments as are necessary to ensure that any effect that the luxury car tax law or wine equalisation tax law would otherwise have on the amounts of GST, and the amounts attributable to GST, is removed.

Schedule 4—ABNs

A New Tax System (Australian Business Number) Act 1999

1 Section 5 (heading)

Repeal the heading, substitute:

5 Application to government entities and non-profit sub-entities

2 Section 5

After "*government entity", insert ", or a *non-profit sub-entity,".

3 Subsection 8(1)

Repeal the subsection, substitute:

(1) *You are entitled to have an Australian Business Number (*ABN) if:

(a) you are *carrying on an *enterprise in *Australia; or

(b) in the course or furtherance of carrying on an enterprise, you make *supplies that are *connected with Australia.

4 Section 39

Repeal the section.

5 Section 41 (definition of carried on in Australia)

Repeal the definition.

6 Section 41

Insert:

connected with Australia, in relation to a *supply, has the meaning given by section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999*.

7 At the end of section 38

Add:

(3) For the avoidance of doubt, the fact that activities of a body are limited to making supplies to members of the body does not prevent those activities being in the form of an adventure or concern in the nature of trade within the meaning of paragraph (1)(b).

8 Section 41

Insert:

Non-profit sub-entity: a branch of an entity is a ***non-profit sub-entity*** if:

(a) the entity has chosen to apply Division 63 of the *A New Tax System (Goods and Services Tax) Act 1999*, and that choice still has effect; and

(b) the branch maintains an independent system of accounting; and

(c) the branch can be separately identified by reference to:

(i) the nature of the activities carried on through the branch; or

(ii) the location of the branch; and

(d) the branch is referred to in the entity's records to the effect that it is to be treated as a separate entity for the purposes of the GST law.

9 Section 41

Insert:

supply has the meaning given by section 9-10 of the *A New Tax System (Goods and Services Tax) Act 1999*.

Schedule 5—Income tax deductions for GST-related expenditure

Income Tax Assessment Act 1997

1 Section 12-5 (after table item headed "grape vines")

Insert:

GST—acquiring or upgrading plant to meet GST obligations etc.

depreciation for cost of plant 42-168

software 42-168, 46-25

upgrading plant 25-80

2 Section 12-5 (table item headed "software")

After:

abandoned software 46-70

insert:

GST—acquiring or upgrading plant to meet GST obligations etc. 42-168, 46-25

3 Section 20-30 (after table item 1.7)

Insert:

1.7AA	25-80	upgrading plant to meet GST obligations etc.

4 After section 25-75

Insert:

25-80 Upgrading plant to meet GST obligations etc.

(1) You can deduct expenditure you incur in upgrading *plant if:

(a) you incur the expenditure between 1 July 1999 and 30 June 2000; and

(b) you do so for the purpose of, or for purposes that include the purpose of, meeting your existing or future obligations, or exercising your existing or future rights, under the *GST law; and

(c) you are the owner or *quasi-owner of the plant when you incur the expenditure; and

(d) you use the upgraded plant before 1 July 2000, or have it *installed ready for use immediately before 1 July 2000; and

(e) your *pre-GST annual turnover for the income year in which you incur the expenditure does not exceed $10,000,000; and

(f) immediately before 1 July 2000, you are registered under Part 2-5 of the *GST Act.

Substituted accounting periods

(2) If the income year in which you incur the expenditure ends before 30 June 2000, you are taken to have complied with paragraph (1)(f) if:

(a) when you lodge your *income tax return for the income year, you are registered under Part 2-5 of the *GST Act; or

(b) before you lodge your income tax return for the income year, you applied for registration under Part 2-5 of the GST Act and, when you lodge the return, the application has not been refused.

(3) However, if subsection (2) has applied to you but, immediately before 1 July 2000, you are not registered under Part 2-5 of the *GST Act, you cannot deduct the expenditure. If you have already deducted it, your assessment may be amended to disallow the deduction.

5 Before section 42-170

Insert:

42-168 Acquiring plant to meet GST obligations etc.

(1) Despite sections 42-160 and 42-165, your deduction is the *plant's *cost for the income year in which you become its owner or *quasi-owner if:

(a) you become the owner or quasi-owner of the plant between 1 July 1999 and 30 June 2000; and

(b) you do so for the purpose of, or for purposes that include the purpose of, meeting your existing or future obligations, or

exercising your existing or future rights, under the *GST law; and

(c) your *pre-GST annual turnover for the income year does not exceed $10,000,000; and

(d) immediately before 1 July 2000, you are registered under Part 2-5 of the *GST Act.

Substituted accounting periods

(2) If the income year in which you become the owner or *quasi-owner of the *plant ends before 30 June 2000, you are taken to have complied with paragraph (1)(d) if:

(a) when you lodge your *income tax return for the income year, you are registered under Part 2-5 of the *GST Act; or

(b) before you lodge your income tax return for the income year, you applied for registration under Part 2-5 of the GST Act and, when you lodge the return, the application has not been refused.

(3) However, if subsection (2) has applied to you but, immediately before 1 July 2000, you are not registered under Part 2-5 of the *GST Act, you cannot deduct the *plant's *cost. If you have already deducted it, your assessment may be amended to disallow the deduction.

6 At the end of Subdivision 46-B

Add:

46-62 Software expenditure to meet GST obligations etc.

The modifications set out in sections 46-35, 46-40, 46-45 and 46-50 are to be disregarded in the application of section 42-168 (meeting GST obligations etc.) to units of *software.

7 At the end of paragraph 46-85(d)

Add “, or deductible by virtue of section 42-168 (meeting GST obligations etc.) as applied by section 46-62”.

8 At the end of Division 960

Add:

Subdivision 960-R—Pre-GST annual turnover

960-370 Meaning of pre-GST annual turnover

General rule

(1) Your ***pre-GST annual turnover*** for an income year is your *group turnover for the income year.

Note: Your pre-GST annual turnover will not be relevant to an income year starting after 30 June 2000, because it is only relevant to deductions for costs related to preparing for the GST (see sections 25-80, 42-168 and 46-62).

New businesses

(2) However, if you, or one or more of the entities *connected with you, did not start to carry on *business until after the start of the income year:

(a) you must make a reasonable estimate of the amount that would have been your *group turnover for the income year if you, and all of the entities connected with you, had carried on business throughout the income year; and

(b) that estimate is your ***pre-GST annual turnover*** for the income year.

9 Subsection 995-1(1)

Insert:

group turnover: the ***group turnover*** of an entity (the ***primary entity***) for an income year is the sum of:

(a) the *value of the business supplies the primary entity made in the income year; and

(b) the value of the business supplies entities *connected with the primary entity made in the income year;

reduced by:

(c) that part of the value of the business supplies the primary entity made in the income year that is attributable to *supplies it made during the year to entities connected with it when they were connected with it; and

(d) that part of the value of the business supplies entities connected with the primary entity made in the income year that is attributable to supplies the connected entities made during the year to the primary entity when they were connected with it; and

(e) that part of the value of the business supplies another entity made in the income year that is attributable to supplies the other entity made to a third entity at a time when both the other entity and third entity were connected with the primary entity.

10 Subsection 995-1(1)

Insert:

GST law has the meaning given by section 195-1 of the *GST Act.

11 Subsection 995-1(1)

Insert:

Pre-GST annual turnover has the meaning given by Subdivision 960-R.

12 Subsection 995-1(1)

Insert:

value of the business supplies: the ***value of the business supplies*** an entity makes in an income year is the sum of:

(a) for *taxable supplies (if any) the entity made during the year in the ordinary course of carrying on a *business—the value (as defined by section 9-75 of the *GST Act) of the supplies; and

(b) for other supplies the entity made during the year in the ordinary course of carrying on a business—the prices (as defined by section 9-75 of the GST Act) of the supplies.

Schedule 6—Diesel Fuel Rebate Scheme

Customs Act 1901

1 Paragraph 164(1)(ac)

Omit “use”, substitute “transport”.

2 After subsection 164(4B)

Insert:

(4C) The rebate payable under subsection (1) to a person in respect of diesel fuel purchased by the person for use in a manner referred to in paragraph (1)(ab) or (ac) (rail or marine transport) is payable at the rate that the rebate would be payable if the use of the diesel fuel had been in primary production (other than forestry).

3 Paragraphs 164(5AC)(a) and (b)

Omit “under subsection (5) or (5A)”.

4 Subsection 164(7) (definition of marine use)

Repeal the definition.

5 Subsection 164(7) (definition of marine transport)

Insert:

marine transport includes transport by vessels in or on fresh water, but does not include any transport relating to forestry.

Customs and Excise Amendment (Diesel Fuel Rebate Scheme) Act 1999

6 Item 5 of Schedule 1

Repeal the item.

7 Item 5 of Schedule 2

Repeal the item.

Excise Act 1901

8 Paragraph 78A(1)(ac)

Omit “use”, substitute “transport”.

9 After subsection 78A(4B)

Insert:

(4C) The rebate payable under subsection (1) to a person in respect of diesel fuel purchased by the person for use in a manner referred to in paragraph (1)(ab) or (ac) (rail or marine transport) is payable at the rate that the rebate would be payable if the use of the diesel fuel had been in primary production (other than forestry).

10 Paragraphs 78A(5AC)(a) and (b)

Omit “under subsection (5) or (5A)”.

11 Subsection 78A(7)

Omit “***marine use***”, substitute “***marine transport***”.

Schedule 7—Amendments relating to diplomatic, consular and related privileges and immunities

Consular Privileges and Immunities Act 1972

1 Subsection 3(1)

Insert:

acquisition has the meaning given by section 195-1 of the GST Act.

2 Subsection 3(1)

Insert:

approved form has the meaning given by section 995-1 of the *Income Tax Assessment Act 1997*.

3 Subsection 3(1)

Insert:

Commissioner means the Commissioner of Taxation.

4 Subsection 3(1)

Insert:

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

5 Subsection 3(1)

Insert:

indirect tax means:

(a) GST within the meaning of section 195-1 of the GST Act; or

(b) luxury car tax within the meaning of section 27-1 of the Luxury Car Tax Act; or

(c) wine equalisation tax within the meaning of section 33-1 of the Wine Equalisation Tax Act.

6 Subsection 3(1)

Insert:

Luxury Car Tax Act means the *A New Tax System (Luxury Car Tax) Act 1999*.

7 Subsection 3(1)

Insert:

Wine Equalisation Tax Act means the *A New Tax System (Wine Equalisation Tax) Act 1999*.

8 After subsection 6(1)

Insert:

(1A) Despite:

(a) section 177-5 of the GST Act; and

(b) section 21-5 of the Luxury Car Tax Act; and

(c) section 27-25 of the Wine Equalisation Tax Act;

indirect tax that would be payable on an importation under one of those Acts is not payable on an importation covered by the exemption from customs duties, taxes and related charges provided for by paragraph 1 or paragraph 2 of Article 50, or Article 62, of the Convention and section 5 of this Act.

9 After section 10

Insert:

10A Indirect tax concession scheme

(1) If:

(a) an acquisition covered by a determination of the Minister is made:

(i) by or on behalf of the head of a consular post; or

(ii) by a consular officer or member of his or her family forming part of his or her household, or another person, who is:

covered by a determination of the Minister; and

(b) at the time of the acquisition, it was intended for:

(i) the official use of the consular post; or

(ii) a use covered by a determination of the Minister;

the Commissioner must, on behalf of the Commonwealth and subject to subsection (3), pay to the head of the consular post (or a person in a class of persons determined by the Minister) an amount equal to the amount of indirect tax payable (if any) in respect of the supply of that acquisition.

(2) A claim for an amount covered by subsection (1) must be in the approved form.

(3) The amount is payable:

(a) in accordance with the conditions and limitations; and

(b) within the period and in the manner;

determined by the Minister.

(4) A determination under this section is a disallowable instrument for the purposes of section 46A of the *Acts Interpretation Act 1901*.

(5) In this section:

consular post includes a post that has privileges and immunities conferred on it under section 9.

Diplomatic Privileges and Immunities Act 1967

10 Subsection 4(1)

Insert:

acquisition has the meaning given by section 195-1 of the GST Act.

11 Subsection 4(1)

Insert:

approved form has the meaning given by section 995-1 of the *Income Tax Assessment Act 1997*.

12 Subsection 4(1)

Insert:

Commissioner means the Commissioner of Taxation.

13 Subsection 4(1)

Insert:

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

14 Subsection 4(1)

Insert:

indirect tax means:

(a) GST within the meaning of section 195-1 of the GST Act; or

(b) luxury car tax within the meaning of section 27-1 of the Luxury Car Tax Act; or

(c) wine equalisation tax within the meaning of section 33-1 of the Wine Equalisation Tax Act.

15 Subsection 4(1)

Insert:

Luxury Car Tax Act means the *A New Tax System (Luxury Car Tax) Act 1999*.

16 Subsection 4(1)

Insert:

Wine Equalisation Tax Act means the *A New Tax System (Wine Equalisation Tax) Act 1999*.

17 After subsection 8(1)

Insert:

(1A) Despite:

(a) section 177-5 of the GST Act; and

(b) section 21-5 of the Luxury Car Tax Act; and

(c) section 27-25 of the Wine Equalisation Tax Act;

indirect tax that would be payable on an importation under one of those Acts is not payable on an importation covered by the exemption from customs duties, taxes and related charges provided for by paragraph 1 of Article 36, or paragraph 1 or paragraph 2 of Article 37, of the Convention and section 7 of this Act.

18 After section 10A

Insert:

10B Indirect tax concession scheme

(1) If:

(a) an acquisition covered by a determination of the Minister is made:

(i) by or on behalf of the head of a mission; or

(ii) by a member of the mission, a member of the family of such a person or another person, who is;

covered by a determination of the Minister; and

(b) at the time of the acquisition, it was intended for:

(i) the official use of the mission; or

(ii) a use covered by a determination of the Minister;

the Commissioner must, on behalf of the Commonwealth and subject to subsection (3), pay to the head of the mission (or a person in a class of persons determined by the Minister) an amount equal to the amount of indirect tax payable (if any) in respect of the supply of that acquisition.

(2) A claim for an amount covered by subsection (1) must be in the approved form.

(3) The amount is payable:

(a) in accordance with the conditions and limitations; and

(b) within the period and in the manner;

determined by the Minister.

(4) A determination under this section is a disallowable instrument for the purposes of section 46A of the *Acts Interpretation Act 1901*.

(5) In this section:

mission includes an international organisation that has been declared by the regulations for the purposes of section 5A.

International Organisations (Privileges and Immunities) Act 1963

19 Subsection 3(1)

Insert:

acquisition has the meaning given by section 195-1 of the GST Act.

20 Subsection 3(1)

Insert:

approved form has the meaning given by section 995-1 of the *Income Tax Assessment Act 1997*.

21 Subsection 3(1)

Insert:

Commissioner means the Commissioner of Taxation.

22 Subsection 3(1)

Insert:

enterprise has the meaning given by section 195-1 of the GST Act.

23 Subsection 3(1)

Insert:

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

24 Subsection 3(1)

Insert:

indirect tax means:

(a) GST within the meaning of section 195-1 of the GST Act; or

(b) luxury car tax within the meaning of section 27-1 of the Luxury Car Tax Act; or

(c) wine equalisation tax within the meaning of section 33-1 of the Wine Equalisation Tax Act.

25 Subsection 3(1)

Insert:

Luxury Car Tax Act means the *A New Tax System (Luxury Car Tax) Act 1999*.

26 Subsection 3(1)

Insert:

Wine Equalisation Tax Act means the *A New Tax System (Wine Equalisation Tax) Act 1999*.

27 After section 11A

Insert:

11B Preservation of exemption from duties on importations

Despite:

(a) section 177-5 of the GST Act; and

(b) section 21-5 of the Luxury Car Tax Act; and

(c) section 27-25 of the Wine Equalisation Tax Act;

indirect tax that would be payable on an importation under one of those Acts is not payable on an importation covered by an immunity from taxation (including customs duties) conferred by the regulations.

11C Indirect tax concession scheme

(1) If:

(a) an acquisition covered by regulations made for the purposes of this section is made:

(i) by or on behalf of an organisation upon which the regulations have conferred an exemption (to some extent) from taxation; or

(ii) by or on behalf of a person (the ***person***) upon whom the regulations have conferred an exemption (to some extent) from taxation; and

(b) at the time of the acquisition, it was intended for:

(i) the official use of the organisation or the person; or

(ii) a use covered by regulations made for the purposes of this section;

the Commissioner must, on behalf of the Commonwealth and subject to subsection (3), pay to the organisation (or a person in a class of persons determined by the Minister), or the person, an amount equal to the amount of indirect tax payable (if any) in respect of the supply of that acquisition.

(2) A claim for an amount covered by subsection (1) must be in the approved form.

(3) The amount is payable:

(a) in accordance with the conditions and limitations; and

(b) within the period and in the manner;

set out in regulations made for the purposes of this section.

(4) Regulations made for the purposes of subsection (3) may permit the Commissioner to determine the period within which, and the manner in which, the amount is payable.

(5) A determination under subsection (1) is a disallowable instrument for the purposes of section 46A of the *Acts Interpretation Act 1901*.

28 After section 12A

Insert:

12B No registration under the GST Act

For the purposes of the GST Act, an organisation or person upon which or whom the regulations have conferred privileges and immunities is treated as not carrying on an enterprise when acting in the capacity in respect of which the organisation or person was granted those privileges and immunities.

Note: This means that the organisation or person cannot be registered under Division 23 of the GST Act in that capacity.

Overseas Missions (Privileges and Immunities) Act 1995

29 Section 3

Insert:

acquisition has the meaning given by section 195-1 of the GST Act.

30 Section 3

Insert:

approved form has the meaning given by section 995-1 of the *Income Tax Assessment Act 1997*.

31 Section 3

Insert:

Commissioner means the Commissioner of Taxation.

32 Section 3

Insert:

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

33 Section 3

Insert:

indirect tax means:

(a) GST within the meaning of section 195-1 of the GST Act; or
(b) luxury car tax within the meaning of section 27-1 of the Luxury Car Tax Act; or
(c) wine equalisation tax within the meaning of section 33-1 of the Wine Equalisation Tax Act.

34 Section 3

Insert:

Luxury Car Tax Act means the *A New Tax System (Luxury Car Tax) Act 1999*.

35 Section 3

Insert:

Wine Equalisation Tax Act means the *A New Tax System (Wine Equalisation Tax) Act 1999*.

36 At the end of section 9

Add:

(2) Despite:
(a) section 177-5 of the GST Act; and
(b) section 21-5 of the Luxury Car Tax Act; and
(c) section 27-25 of the Wine Equalisation Tax Act;

indirect tax that would be payable on an importation under one of those Acts is not payable on an importation covered by an immunity from taxation (including customs duties) conferred by the regulations.

37 After section 12

Insert:

12A Indirect tax concession scheme

(1) If:
(a) an acquisition covered by regulations made for the purposes of this section is made:

(i) by or on behalf of the head of a designated overseas mission that has been granted an exemption (to some extent) from taxation under the regulations; or

(ii) by a person referred to in section 7, or another person, who is covered by regulations made for the purposes of this section; and

(b) at the time of the acquisition, it was intended for:

(i) the official use of the mission; or

(ii) a use covered by regulations made for the purposes of this section;

the Commissioner must, on behalf of the Commonwealth and subject to subsection (3), pay to the head of the mission (or a person in a class of persons determined by the Minister) an amount equal to the amount of indirect tax payable (if any) in respect of the supply of that acquisition.

(2) A claim for an amount covered by subsection (1) must be in the approved form.

(3) The amount is payable:

(a) in accordance with the conditions and limitations; and

(b) within the period and in the manner;

set out in regulations made for the purposes of this section.

(4) Regulations made for the purposes of subsection (3) may permit the Commissioner to determine the period within which, and the manner in which, the amount is payable.

(5) A determination under subsection (1) is a disallowable instrument for the purposes of section 46A of the *Acts Interpretation Act 1901*.

Taxation Administration Act 1953

38 After Division 7A of Part VI

Insert:

Division 7B—Indirect tax refund schemes

62B Refund scheme—defence related international obligations

(1) If:

(a) an acquisition covered by a determination of the Defence Minister is made:

(i) by or on behalf of a visiting force that is; or

(ii) by a member of the visiting force who is; or

(iii) any other person who is;

covered by a determination of the Defence Minister; and

(b) at the time of the acquisition, it was intended for:

(i) the official use of the visiting force; or

(ii) the use of a member of the visiting force; or

(iii) any other use;

and that use is covered by a determination of the Defence Minister;

the Commissioner must, on behalf of the Commonwealth and subject to subsection (4), pay to a person in a class of persons determined by the Defence Minister an amount equal to the amount of indirect tax (if any) borne by the entity in respect of that acquisition.

(2) A determination of a person under subparagraph (1)(a)(iii) and of a use under subparagraph (1)(b)(iii) may be made if, and only if, the Commonwealth is under an international obligation to grant indirect tax concessions in relation to the kind of person and the kind of use.

(3) A claim for an amount covered by subsection (1) must be in the approved form.

(4) The amount is payable:

(a) in accordance with the conditions and limitations; and

(b) within the period and manner;

determined by the Defence Minister.

(5) A determination under this section is a disallowable instrument for the purposes of section 46A of the *Acts Interpretation Act 1901*.

(6) In this section:

Defence Minister means the Minister administering the *Defence Act 1903*.

member of a visiting force and ***visiting force*** have the meaning given by section 5 of the *Defence (Visiting Forces) Act 1963*.

62C Refund scheme—international obligations

(1) If an entity of a kind specified in the regulations makes an acquisition of a kind specified in the regulations, the Commissioner must, on behalf of the Commonwealth and subject to subsection (4), pay to the entity (or a person in a class of persons determined by the Commissioner) an amount equal to the amount of indirect tax (if any) borne by the entity in respect of that acquisition.

(2) The regulations may specify a kind of entity and a kind of acquisition if, and only if, the Commonwealth is under an international obligation to grant indirect tax concessions in relation to the kind of entity and the kind of acquisition.

(3) A claim for an amount covered by subsection (1) must be in the approved form.

(4) The amount is payable:

(a) in accordance with the conditions and limitations; and

(b) within the period and manner;

set out in the regulations.

Schedule 8—Other consequential amendments

Income Tax Assessment Act 1997

1 At the end of Division 17

Add:

17-25 GST attributable because of the GST Transition Act

If:

(a) section 10 of the *A New Tax System (Goods and Services Tax Transition) Act 1999* applies in an income year that ends after 30 November 1999 and before 1 July 2000 in relation to a *taxable supply that you will make on or after 1 July 2000; and

(b) because of the application of that section, an amount of *GST is attributable to your first *tax period after 1 July 2000;

an amount equal to the amount of GST is not assessable income.

2 At the end of Division 17 (after section 17-25)

Add:

17-30 Special credits because of the GST Transition Act

A special credit under section 16, 16A, 16B, 16C or 19A of the *A New Tax System (Goods and Services Tax Transition) Act 1999* is ***assessable income***:

(a) at the time it is attributed to a tax period (for a credit under section 16, 16A, 16B or 19A); or

(b) at the time it is paid (for a credit under section 16C).

3 At the end of Division 27

Add:

27-30 Input tax credits attributable because of the GST Transition Act

If:

(a) section 10 of the *A New Tax System (Goods and Services Tax Transition) Act 1999* applies in an income year that ends after 30 November 1999 and before 1 July 2000 in relation to a *creditable acquisition that you will make on or after 1 July 2000; and

(b) because of the application of that section, an *input tax credit is attributable to your first *tax period after 1 July 2000;

you cannot deduct under this Act an amount equal to the input tax credit.

4 Subsection 995-1(1) (definition of assessable income)

Omit "and 17-10", substitute ", 17-10 and 17-30".

5 Subsection 995-1(1)

Insert:

creditable acquisition has the meaning given by section 195-1 of the *GST Act.

6 Subsection 995-1(1)

Insert:

tax period has the meaning given by section 195-1 of the *GST Act.

Petroleum Resource Rent Tax Assessment Act 1987

7 Section 2

Insert:

acquisition has the meaning given by section 195-1 of the GST Act.

8 Section 2

Insert:

creditable purpose has the meaning given by section 195-1 of the GST Act.

9 Section 2

Insert:

decreasing adjustment has the meaning given by section 195-1 of the GST Act.

10 Section 2

Insert:

GST has the meaning given by section 195-1 of the GST Act.

11 Section 2

Insert:

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

12 Section 2

Insert:

increasing adjustment has the meaning given by section 195-1 of the GST Act.

13 Section 2

Insert:

input tax credit has the meaning given by section 195-1 of the GST Act.

14 Section 2

Insert:

market value, of a commodity, at a particular time, is its market value reduced by an amount equal to the amount of the input tax credit (if any) to which a person would be entitled if:

(a) the person had acquired the commodity at that time; and
(b) the acquisition had been solely for a creditable purpose.

15 Before section 23 of Division 2 of Part V

Insert:

22B Effect of GST etc. on assessable receipts

(1) For the purposes of this Division, a reference to consideration receivable, to value receivable or to an amount receivable does not include an amount equal to:
(a) any GST payable on the supply for which the consideration, value or amount was receivable; or
(b) any increasing adjustments that relate to that supply.

(2) For the purposes of this Division, a reference to the sale price of property does not include an amount equal to:
(a) any GST payable on the sale; or
(b) any increasing adjustments that relate to that sale.

(3) For the purposes of this Division, a reference to expenses payable in relation to a sale does not include an amount equal to:
(a) any input tax credit to which you are entitled; or
(b) any decreasing adjustment that you have;
in relation to those expenses.

16 Before section 32 of Division 3 of Part V

Insert:

31B Effect of input tax credits etc. on deductible expenditure

For the purposes of this Division, a reference to an amount of expenditure incurred, or a liability incurred, by a person does not include an amount equal to:
(a) any input tax credit to which the person is entitled; or
(b) any decreasing adjustments that the person has;
in relation to that expenditure or liability.

17 At the end of paragraphs 44(a) to (h)

Add “or”.

18 After paragraph 44(h)

Insert:

(i) payments of GST under the GST Act; or

Taxation Administration Act 1953

19 After subparagraph 37(1)(b)(iii)

Insert:

; or (iv) creditable acquisitions or creditable importations;

20 After section 52

Insert:

52A Liability related to non-profit sub-entities

(1) Obligations that would be imposed under the GST law on a non-profit sub-entity are imposed on each person who is responsible, to persons or bodies outside the sub-entity, for the management of the sub-entity, but may be discharged by any person who is so responsible.

(2) Any offence against the GST law that is committed by the sub-entity is taken to have been committed by each person who is responsible, to persons or bodies outside the sub-entity, for the management of the sub-entity.

(3) In a prosecution of a person for an offence that the person is taken to have committed because of subsection (2), it is a defence if the person proves that the person:

(a) did not aid, abet, counsel or procure the relevant act or omission; and

(b) was not in any way knowingly concerned in, or party to, the relevant act or omission (whether directly or indirectly and whether by any act or omission of the entity).

21 Subsection 62(2) (after table item 37)

Insert:

37A	cancelling the registration of a non-profit sub-entity	subsection 63-35(1)

22 After subsection 70(1)

Insert:

(1A) If you choose to apply Division 63 (non-profit sub-entities) of the GST Act, you must:

(a) keep records that record:

(i) your choice to apply that Division; and

(ii) each branch that is treated as a separate entity for the purposes of the GST law; and

(iii) each branch that has ceased to be treated as a separate entity for the purposes of the GST law; and

(b) retain those records for at least 5 years after you revoke the choice.

Wool Tax (Administration) Act 1964

23 At the end of section 10

Add:

(5) Despite section 177-12 of the *A New Tax System (Goods and Services Tax) Act 1999*, a reference in subsection (1) to the price of the supply of wool is taken not to include the net GST that is, or would be, payable by an entity making the supply.

(6) Expressions used in subsection (5) have the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.