





# **A New Tax System (Goods and Services Tax) Amendment Regulation 2012 (No. 1)**

**Select Legislative Instrument 2012 No. 87**

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I, QUENTIN BRYCE, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following regulation under the *A New Tax System (Goods and Services Tax) Act 1999*.

Dated 24 May 2012

QUENTIN BRYCE  
Governor-General

By Her Excellency's Command

DAVID BRADBURY  
Assistant Treasurer

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**1 Name of regulation**

This regulation is the *A New Tax System (Goods and Services Tax) Amendment Regulation 2012 (No. 1)*.

**2 Commencement**

This regulation commences on 1 July 2012.

**3 Amendment of *A New Tax System (Goods and Services Tax) Regulations 1999***

Schedule 1 amends the *A New Tax System (Goods and Services Tax) Regulations 1999*.

**Schedule 1 Amendments**

(section 3)

**[1] Subregulation 40-5.09 (3), table, item 7**

*substitute*

7 A guarantee

7A An indemnity that holds a person harmless from any loss as a result of a transaction the person enters with a third party

**[2] Subregulation 40-5.09 (3), table, item 8**

*after*

agreement

*insert*

entered into before 1 July 2012

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**[3] Regulation 40-5.12, table, after item 18***insert*

- 19 Goods supplied under a hire purchase agreement entered into on or after 1 July 2012
- 20 Credit under a hire purchase agreement entered into on or after 1 July 2012
- 21 A warranty for goods

**[4] Subregulation 70-5.02 (2), table, after item 12***insert*

- 12A Lenders mortgage reinsurance

**[5] Subregulation 70-5.02 (2), table, item 24, paragraph (h)***omit*

services

*insert*

services;

**[6] Subregulation 70-5.02 (2), table, item 24, after paragraph (h)***insert*

- (i) processing and assessing claims under life insurance policies carried out on or after 1 July 2012

**[7] Subregulation 70-5.02 (2), table, after item 31***insert**Supplies to recognised trust schemes*

- 32 Supplies acquired by a recognised trust scheme, to the extent that:
  - (a) the supplies are acquired on or after 1 July 2012;
  - and

- (b) the supplies acquired are not:
  - (i) a supply by way of sale of goods or supply of real property made by:
    - (A) selling a freehold interest in land; or
    - (B) selling a stratum unit; or
    - (C) granting or selling a long-term lease; or
  - (ii) a brokerage service covered by item 9 or 21; or
  - (iii) a service covered by paragraph (a), (b) or (e) of item 23; or
  - (iv) a service covered by paragraph (a), (b), (c), (d), (e), (f), (g) or (i) of item 24; or
  - (v) a custodial service covered by item 29; or
  - (vi) a service covered by item 30; or
  - (vii) a service covered by item 33

*Monitoring services*

- 33 Monitoring and reporting services (other than taxation and auditing services) that:
  - (a) are acquired on or after 1 July 2012; and
  - (b) are required for compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*

**[8] After subregulation 70-5.02 (3), including the examples**

*insert*

- (4) For this regulation:

***debt interest*** has the same meaning as in the *Income Tax Assessment Act 1997*.

***long-term lease***—see the Dictionary in Part 6-3 of the Act.

***managed investment scheme*** has the same meaning as in the *Corporations Act 2001*.

***mortgage loan*** means a loan secured by a mortgage over real property.

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**mortgage scheme** means a managed investment scheme that has at least 50% of its non-cash assets invested in mortgage loans or in one or more other mortgage schemes.

**real property**—see the Dictionary in Part 6-3 of the Act.

**recognised trust scheme** means a trust that has the following features:

- (a) the entity that acts in the capacity as trustee or responsibility entity of the trust, is carrying on, in its own capacity, an enterprise that includes making taxable supplies to the trust;
- (b) the trust is:
  - (i) a managed investment scheme, or part of a managed investment scheme, other than a securitisation entity or a mortgage scheme; or
  - (ii) an approved deposit fund within the meaning of the *Superannuation Industry (Supervision) Act 1993*; or
  - (iii) a pooled superannuation trust within the meaning of the *Superannuation Industry (Supervision) Act 1993*; or
  - (iv) a public sector superannuation scheme within the meaning of the *Superannuation Industry (Supervision) Act 1993*; or
  - (v) a regulated superannuation fund (other than a self managed superannuation fund) within the meaning of the *Superannuation Industry (Supervision) Act 1993*.

**securitisation entity** means a trust that has the following features:

- (a) the trust was established for the purpose of managing some or all of the economic risk associated with assets, liabilities or investments (whether the trust assumes the risk from another person or creates the risk itself);
- (b) the total value of the debt interests in the trust is at least 50% of the total value of the trust's assets;

- (c) the trust is an insolvency-remote special purpose entity according to criteria of an internationally recognised rating agency that are applicable to the circumstances of the trust (regardless of whether the agency has determined that the trust satisfies the criteria).

*stratum unit*—see the Dictionary in Part 6-3 of the Act.

**[9] Regulation 70-5.03**

*substitute*

**70-5.03 Percentage to which input tax credits are reduced (Act s 70-5)**

For subsection 70-5 (2) of the Act, the percentage to which the input tax credit is reduced is as follows:

- (a) for a reduced credit acquisition covered by item 32 of the table in subregulation 70-5.02 (2)—55%;
- (b) for a reduced credit acquisition covered by item 32 and one or more other items of the table in subregulation 70-5.02 (2):
  - (i) to the extent that the acquisition is covered by item 32—55%; and
  - (ii) to the extent that the acquisition is not covered by item 32—75%;
- (c) for all other kinds of reduced credit acquisitions—75%.

**[10] Schedule 7, Part 6, column 2**

*omit*

agreement

*insert*

agreement entered into before 1 July 2012

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**[11] Schedule 8, after Part 6**

*insert*

**Part 7 Example for item 20 in the table in regulation 40-5.12**

<b>Item</b>	<b>Example</b>
1	The credit component under a hire purchase agreement entered into on or after 1 July 2012 where the consideration is the amount of interest and associated fees and charges

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