



*Goods and Services Tax: Waiver of Tax Invoice Requirement
(Visa Purchasing Card) Amendment Determination (No.1)
2010*

Explanatory Statement

General Outline of Instrument

1. This instrument is made under subsection 29-10(3) of the *A New Tax System (Goods and Services Tax) Act 1999* (the GST Act).
2. The purpose of this instrument is to update the existing legislative instrument *Goods and Services Tax: Waiver of Tax Invoice Requirement (Visa Purchasing Card) Legislative Instrument (No.2) 2008* (F2008L03348).
3. The instrument is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Date of effect

4. The instrument commences on 1 July 2010.
5. The instrument will apply retrospectively.
6. The instrument is amending the existing legislative instrument so that it is consistent with amendments made to the GST Act effective from 1 July 2010. In particular, the existing legislative instrument includes a reference to paragraph 51-5(1)(c) of the GST Act which has now been repealed.
7. If the amendments to the existing legislative instrument were not applied retrospectively, then it is possible that some taxpayers may be adversely impacted in that they will not be able to apply the provisions to their circumstances. As such, the instrument applies retrospectively to ensure that taxpayers will not be disadvantaged by the amendments to the GST Act. The effect of the Legislative Instrument is to the advantage of affected parties. Under section 12(2) of the *Legislative Instruments Act 2003* this instrument does not adversely affect the rights or liabilities of any person other than the Commonwealth.

What this instrument is about

8. The purpose of this instrument is to update the existing legislative instrument *Goods and Services Tax: Waiver of Tax Invoice Requirement (Visa Purchasing Card) Legislative Instrument (No.2) 2008*.
9. The GST Act was amended effective from 1 July 2010 to allow entities to self assess their eligibility to form a GST joint venture. Entities must notify the Commissioner of the details of the GST joint venture in the approved form. Prior to this amendment, entities were required to seek the Commissioner's approval to form a GST joint venture.
10. This instrument amends the existing legislative instrument to ensure it is consistent

with the amendments to the GST Act.

What is the effect of this instrument

11. The effect of this instrument is that the existing legislative instrument will be consistent with the GST Act.

12. Compliance cost impact: An assessment of the compliance cost impact indicates that the impact will be minimal for both implementation and on-going compliance costs. The instrument is routine in nature.

Background

13. Under subsection 29-10(3) of the GST Act, the Commissioner may determine in writing that taxpayers may claim input tax credits without holding a tax invoice in certain circumstances.

14. The existing legislative instrument allows a registered entity that holds a Visa Purchasing Card (a cardholder) to claim input tax credits without holding a tax invoice in certain circumstances. One of the requirements that has to be satisfied before a cardholder can attribute input tax credits without holding a tax invoice is that the cardholder must be a qualifying cardholder.

15. The definition of qualifying cardholder in the existing legislative instrument includes a card holder that is nominated in an application for approval of a GST joint venture to be the joint venture operator of the joint venture. Under the former paragraph 51-5(1)(c) of the GST Act, entities wanting to form a GST joint venture were required to apply to the Commissioner for approval of the joint venture as a GST joint venture.

16. Under amendments to the GST Act that apply to tax periods starting on or after 1 July 2010, entities no longer need to seek the Commissioner's approval to form a GST joint venture. Instead, entities can now agree in writing to the formation of a joint venture as a GST joint venture and the entity nominated in the agreement to be the joint venture operator must notify the Commissioner in the approved form of the details of the GST joint venture.

17. The amendments to the existing instrument are required to make it consistent with the amendments to the GST Act.

Consultation

18. Section 18 of the *Legislative Instruments Act 2003* specifically provides for circumstances where consultation may not be necessary or appropriate. One of those circumstances is where the instrument is considered minor or machinery in nature, and does not substantially change the law. Extensive consultation in relation to the amendments to the GST Act was held prior to those amendments being introduced. As indicated above, this instrument is necessary to ensure that the existing legislative instrument is consistent with the GST Act. However, no other consultation was undertaken in relation to the development of the instrument as it is considered minor or machinery in nature, and does not substantially change the law.

Legislative references:

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

Legislative Instruments Act 2003