



Explanatory Statement

A New Tax System (Goods and Services Tax) (Acquisitions of Second-hand Goods) Determination 2025

General outline of instrument

1. This instrument is made under paragraph 66-70(1)(a) of the *A New Tax System (Goods and Services Tax) Act 1999* (the Act).
2. The instrument allows GST registered entities to apply a global accounting method (pooling of credits and GST) for acquisitions of second-hand goods of a kind specified in the instrument.
3. The instrument is a legislative instrument for the purposes of the *Legislation Act 2003*.
4. Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws) the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Date of effect

5. This instrument commences on the day after it is registered on the Federal Register of Legislation.
6. This instrument repeals and replaces the instrument titled *A New Tax System (Goods and Services Tax) Act 1999 Rules for Applying Subdivision 66-B Determination (No.31) 2015* which would otherwise sunset on 1 October 2025. The instrument has the same substantive effect as the one it is replacing.

Background

7. Normally, registered entities can only claim an input tax credit for the acquisition of goods where the supply of the goods to them was a taxable supply. Where an entity acquires second-hand goods from an unregistered supplier, the supply will not be a taxable supply and the registered entity will not be entitled to an input tax credit.
8. The unregistered supplier will normally have paid GST for their earlier acquisition of the goods and would not have been able to claim an input tax credit. Therefore, an amount of GST will be embedded in the price paid by registered entities acquiring these goods second-hand for which they cannot claim an input tax credit.
9. Subdivision 66-A of the Act allows GST registered entities to claim an input tax credit for certain acquisitions of second-hand goods even though GST was not included in the purchase price. This usually will be the case where the acquisition was made from an unregistered supplier. Generally, the input tax credit for the acquisition cannot be claimed until the entity makes a subsequent taxable supply of the second-hand good. This requires the entity to track and keep records of the acquisition and subsequent sale of each individual second-hand good.

10. Some second-hand goods dealers buy goods in one lot and then subdivide them into separate parts before on selling to various purchasers. In these situations, it is not practical to track each acquisition and its subsequent sale.
11. To alleviate this impracticality, Subdivision 66-B of the Act provides GST registered suppliers of second-hand goods with a global accounting method for calculating their GST liabilities where they acquire second-hand goods where GST was not included in the purchase price and those goods are divided up before resale. This helps to remove the need to track individual goods as required under Subdivision 66-A of the GST Act.
12. Under the global accounting method, entities 'pool' their input tax credits for eligible acquisitions and then offset this against the GST payable on subsequent sales made from those acquisitions. GST is only payable when the pool of input tax credits is exhausted.
13. Paragraph 66-70(1)(a) of the Act allows the Commissioner to determine that acquisitions of second-hand goods of a specified kind are acquisitions of second-hand goods to which Subdivision 66-B of the Act applies.

Effect of this instrument

14. This instrument specifies kinds of second-hand goods to which Subdivision 66-B of the Act applies where it otherwise would not.
15. GST registered entities may choose to apply the global accounting method to some or all of its acquisitions of those specified second-hand goods. Where an entity does apply the global accounting method to an acquisition, it is required to add the input tax credits attributable to the acquisition to their total Subdivision 66-B credit amount. The GST payable on any subsequent supply of the goods is worked out in accordance with sections 66-45 and 66-50 of the Act. GST is only payable and added to the entity's net amount when their total Subdivision 66-B amount (GST payable on subsequent supplies) exceeds their total Subdivision 66-B credit amount.
16. The instrument applies to second-hand goods that a GST registered entity acquires, from both registered and unregistered suppliers, for the purposes of sale or exchange (but not for manufacture) in the ordinary course of business. The instrument does not apply to acquisitions of new goods.
17. Subsection 6(2) provides certain exceptions to the application of Subdivision 66-B of the Act to the second-hand goods specified in subsection 6(3). This includes where the consideration provided by the entity for the second-hand goods is more than \$1,000 and Subdivision 66-A of the Act would apply to the acquisition if this instrument did not. This will apply where the entity purchased the goods from an unregistered supplier and the goods are to be re-supplied by the entity as a single supply. The entity can still access the benefit of an input tax credit under Subdivision 66-A of the Act.
18. Other exceptions include where:
- the supply of the second-hand goods to the entity was GST-free or by way of hire,
 - the entity has claimed or intends to claim an input tax credit for the acquisition under another provision of the Act,
 - the entity imported the second-hand goods and that importation was not a taxable importation, and
 - all or part of the second-hand goods acquired, other than through a taxable supply or taxable importation, are subsequently supplied as a supply that is not a taxable supply.
19. Also, where Subdivision 66-B of the Act already applies to the acquisition of second-hand goods that are divided for re-supply, the instrument does not apply and does not affect the operation of Subdivision 66-B of the Act in relation to those goods.

20. Subsection 6(3) lists the kinds of second-hand goods to which Subdivision 66-B of the Act applies, provided that none of the conditions set out in subsection 6(2) apply to the goods. The specified second-hand goods are:

- an aircraft;
- an antique;
- a bag, carry case, suitcase or similar item;
- a boat, ship or other marine craft;
- a book, newspaper, magazine, folio, manuscript or other printed material;
- bric-a-brac;
- building materials;
- clothing or shoes;
- a coin, medallion or other numismatic item;
- a collectable;
- a compact disc, DVD, record, video or audio cassette;
- a cot, pram, stroller, safety seat or other item designed for infants;
- computer hardware or software;
- a container;
- an electrical appliance or item of electrical equipment;
- electronic equipment;
- a firearm;
- furniture;
- furnishings;
- a gardening tool or equipment;
- equipment used for hobbies;
- household ware including kitchenware or a bathroom fitting;
- jewellery or personal accessory (including spectacles or a watch);
- machinery, tool, implement, apparatus or equipment;
- a medical or health aid or appliance;
- a motor vehicle or any other form of vehicle including non-powered vehicle such as a bicycle or a horse drawn vehicle;
- a musical instrument;
- an ornament or decorative item;
- an item used for outdoor recreation;
- a personal item or appliance;
- a print, photograph, etching, drawing, painting, sculpture or other similar work of art;
- photographic equipment;
- scrap materials;

- sports equipment;
- a trailer or caravan;
- a stamp or label;
- telephonic equipment including a mobile phone or answering machine;
- a toy or game;
- a weapon;
- a writing implement or stationery; or
- a part, accessory or component of any of the above.

Compliance cost assessment

21. Compliance cost impact: Minor – There will be no additional regulatory impacts as the instrument is minor and machinery in nature (OIA25-09736).

Consultation

22. Subsection 17(1) of the *Legislation Act 2003* requires the Commissioner to be satisfied that appropriate and reasonably practicable consultation has been undertaken before they make an instrument.

23. Public consultation was undertaken for a period of 4 weeks commencing 18 June 2025 on drafts of this instrument and explanatory statement.

24. The draft instrument and draft explanatory statement were published on the ATO Legal database and publicised on the database's 'What's new' page. Major tax and superannuation publishers and associations commonly monitor these pages and usually include the details in the daily and weekly alerts and newsletters to their subscribers and members.

25. No feedback was received on the draft instrument and explanatory statement during the consultation period.

Statement of compatibility with human rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

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This legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the legislative instrument

This legislative instrument allows GST registered businesses to apply a global accounting method (pooling of credits and GST) for acquisitions of second-hand goods of a kind specified in the instrument.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms. It helps reduce compliance costs for GST registered businesses by allowing the use of a global accounting method for certain kinds of second-hand goods.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.