



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

No. 57, 1999



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

No. 57, 1999

An Act to implement A New Tax System by making transitional provisions for the start of the goods and services tax, and for related purposes

Contents

Part 1—Introduction	1
1 Short title	1
2 Commencement	2
3 Schedule(s)	2
4 Overview	2
5 Definitions	2
6 Time of supply or acquisition	3
Part 2—Start of GST	5
7 Start of GST	5
8 Effect on sales tax	5
9 GST registration before 1 July 2000	5
10 Invoice or consideration before 1 July 2000	6
11 Supply of rights exercisable on or after 1 July 2000	6
Part 3—Agreements spanning 1 July 2000	8
12 Progressive or periodic supplies	8
13 Existing agreements: no opportunity to review	8
14 Rights granted for life	9
15 Funeral agreements made before 2 December 1998	10
Part 4—Stock on hand on 1 July 2000	11
16 Special GST credit for sales tax paid on stock	11
17 Stock later applied for private or domestic purpose	11
18 Second-hand goods	12
Part 5—Special transitional rules	13
19 Construction agreements made before 1 July 2000	13
20 Phasing in input tax credits for motor vehicles etc.	14
21 Acupuncture, naturopathy and herbal medicine	14
22 Insured event before 1 July 2000	15
23 Input tax credits for insurance premiums	16
24 Gambling	16
Part 6—Regulations	17
25 Regulations	17
Schedule 1—Amendment of the sales tax law	18
<i>Sales Tax Assessment Act 1992</i>	18



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

No. 57, 1999

An Act to implement A New Tax System by making transitional provisions for the start of the goods and services tax, and for related purposes

[Assented to 8 July 1999]

The Parliament of Australia enacts:

Part 1—Introduction

1 Short title

This Act may be cited as the A New Tax System (Goods and Services Tax Transition) Act 1999.

Section 2

2 Commencement

- (1) This Act commences, or is taken to have commenced:
 - (a) after all the Acts listed in subsection (2) have received the Royal Assent; and
 - (b) on the day after the last day on which any of those Acts received the Royal Assent.
- (2) These are the Acts:
 - (a) the *A New Tax System (Goods and Services Tax) Act 1999*;
 - (b) the *A New Tax System (Goods and Services Tax Imposition—Excise) Act 1999*;
 - (c) the *A New Tax System (Goods and Services Tax Imposition—Customs) Act 1999*;
 - (d) the *A New Tax System (Goods and Services Tax Imposition—General) Act 1999*;
 - (e) the *A New Tax System (Goods and Services Tax Administration) 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.

4 Overview

The following provisions deal with the transition from sales tax to GST, as well as other matters relating to the start of the GST.

This Act should be read in conjunction with the GST law and the sales tax law.

5 Definitions

- (1) In this Act:
-

Section 6

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

- (2) Other expressions in this Act have the same meaning as in the GST Act.
- (3) However, the table lists expressions that have the same meaning as in another Act.

Expressions with same meaning		
Item	This expression...	has the same meaning as in...
1	assessable dealing	<i>Sales Tax Assessment Act 1992</i>
2	assessable goods	<i>Sales Tax Assessment Act 1992</i>
3	borne tax	<i>Sales Tax Assessment Act 1992</i>
4	motor vehicle	<i>Income Tax Assessment Act 1997</i>
5	passed on	<i>Sales Tax Assessment Act 1992</i>
6	sales tax	<i>Sales Tax Assessment Act 1992</i>
7	sales tax law	<i>Sales Tax Assessment Act 1992</i>
8	trading stock	<i>Income Tax Assessment Act 1997</i>

6 Time of supply or acquisition

- (1) This section sets out how to determine when a supply or acquisition is made for the purposes of this Act.

Note: Many of the rules in this Act rely on this concept.

- (2) A supply or acquisition of goods is made:
 - (a) when the goods are removed; or
 - (b) if the goods are not to be removed—when the goods are made available to the recipient; or
 - (c) if the goods are removed before it is certain that a supply will be made (for example, if the goods are given or taken on approval, sale or return, or similar terms)—when it becomes certain that a supply has been made.

Section 6

(3) A supply or acquisition of real property is made when the property is made available to the recipient.

(4) A supply or acquisition of services is made when the services are performed.

Note: However, section 12 provides a different rule for progressive and periodic contracts.

(5) A supply or acquisition of any other thing is made when the thing is performed or done.

Note: However, section 12 provides a different rule for progressive and periodic contracts.

Part 2—Start of GST

7 Start of GST

- (1) GST is only payable on a supply or importation to the extent that it is made on or after 1 July 2000.
- (2) An entitlement to an input tax credit only arises on an acquisition or importation to the extent that it is made on or after 1 July 2000.

Note: There are special rules about input tax credits for motor vehicles etc.: see section 20.

8 Effect on sales tax

- (1) No sales tax is payable on an assessable dealing to the extent that a supply or importation in respect of the dealing is made on or after 1 July 2000.

Note 1: If sales tax has been paid, a credit will arise for the amount overpaid, to the extent that the claimant has not passed it on: see CR1 in Table 3 in Schedule 1 to the *Sales Tax Assessment Act 1992*.

Note 2: For the end of sales tax generally, see the *A New Tax System (End of Sales Tax) Act 1999*.

- (2) Despite the *A New Tax System (End of Sales Tax) Act 1999*, if:
 - (a) all or part of a supply or importation in respect of an assessable dealing is made before that Act commences (even if it is also made before this Act commences); and
 - (b) the time of the dealing is on or after 1 July 2000;for the purpose of determining the extent (if any) to which sales tax is payable on the dealing, the time of the dealing is taken to be immediately before that Act commences.

9 GST registration before 1 July 2000

- (1) Parts 2-5 and 4-5 of the GST Act, and any other provisions of the GST law so far as they relate to registration, apply on and after the
-

Section 10

day determined by the Commissioner (even if that day is before the commencement of the GST Act).

Note: From that day, you may apply to be registered if you are entitled to do so under section 23-10 of the GST Act.

- (2) However, you are not required to be registered before 1 June 2000.

Example: On 1 May 2000, you start carrying on a business whose annual turnover meets the registration turnover threshold. Although you would normally be required to apply within 21 days, you can apply anytime before 1 June 2000. But if instead you start carrying on a business on 20 May, you have until 10 June (21 days later) to apply to be registered.

10 Invoice or consideration before 1 July 2000

If, before 1 July 2000:

- (a) any consideration is received in connection with a supply, or provided in connection with an acquisition, that you will make on or after that day; or
- (b) an invoice is issued relating to a supply or acquisition that you will make on or after that day;

for the purposes of determining the tax period to which GST or input tax credits are attributable, the consideration is taken to have been received or provided, or invoice taken to have been issued, during your first tax period after that day.

Note: Division 29 of the GST Act contains rules about attributing GST and input tax credits to tax periods.

11 Supply of rights exercisable on or after 1 July 2000

- (1) A supply of a right that has been or is granted on or after 2 December 1998 (other than a supply of a right granted on or after 1 July 2000) is taken to be a supply made on or after 1 July 2000 if, and to the extent that, the right could reasonably be expected to be exercised on or after 1 July 2000.
- (2) The Commissioner may make a written ruling determining methods for working out the extent to which a right could

Section 11

reasonably be expected to be exercised on or after 1 July 2000
where that extent is not readily ascertainable.

- (3) This section does not affect the operation of section 13.

Part 3—Agreements spanning 1 July 2000

12 Progressive or periodic supplies

- (1) This section applies if:
 - (a) you make a supply under an agreement, or an enactment, that provides (expressly or impliedly) that the thing supplied is to be supplied:
 - (i) for a period; or
 - (ii) progressively over a period;
whether or not at regular intervals; and
 - (b) that period begins before 1 July 2000 and ends on or after 1 July 2000.
- (2) For the purposes of this Act, the supply is taken to be made continuously and uniformly throughout that period.
- (3) For the purposes of this section, a supply by way of lease, hire or similar arrangement is taken to be a supply for the period of the lease, hire or arrangement.

13 Existing agreements: no opportunity to review

- (1) This section applies if:
 - (a) a written agreement specifically identifies a supply and identifies the consideration in money, or a way of working out the consideration in money, for the supply; and
 - (b) the agreement was made before the day on which this Act received the Royal Assent.
- (2) The supply is GST-free to the extent that it is made before the earlier of the following:
 - (a) 1 July 2005;
 - (b) if a review opportunity arises on or after the day of Royal Assent—when that opportunity arises.

- (3) If all of the consideration was paid before 2 December 1998, the supply is also GST-free to the extent it is made on or after 1 July 2005 but before a review opportunity has arisen as mentioned in paragraph (2)(b).
- (4) However, if the recipient of the supply would not be entitled to a full input tax credit for it, treat the references in paragraphs (1)(b) and (2)(b) to the day of Royal Assent as references instead to 2 December 1998.
- (5) In this section:

review opportunity, for an agreement to which this section applies, means an opportunity that arises under the agreement:

- (a) for the supplier under the agreement (acting either alone or with the agreement of one or more of the other parties to the agreement) to change the consideration directly or indirectly because of the imposition of GST; or
- (b) for the supplier under the agreement (acting either alone or with the agreement of one or more of the other parties to the agreement) to conduct a general review, renegotiation or alteration of the consideration.

14 Rights granted for life

- (1) This section applies if:
 - (a) you supply services or any other things (other than goods or real property) under an agreement or enactment; and
 - (b) the agreement or enactment provides (expressly or impliedly) that a right is to be granted or exercisable for the rest of an individual's life; and
 - (c) the right is granted or first exercisable before 1 July 2000.
 - (2) For the purposes of this Act, so much of the supply as is made before 1 July 2000 is instead taken to be made on 1 July 2000.
 - (3) However, in the case of an agreement entered into before 2 December 1998 that is also covered by section 13:
 - (a) subsections 13(2) and (3) do not apply; and
-

Section 15

- (b) instead, the supply is GST-free to the extent that the consideration for the supply is paid before the earlier of the following:
 - (i) 1 July 2005;
 - (ii) if a review opportunity as mentioned in paragraph 13(2)(b) arises—when that opportunity arises.

15 Funeral agreements made before 2 December 1998

If, before 2 December 1998, you entered into an agreement for a supply consisting of the provision of a funeral and the agreement is covered by section 13:

- (a) subsections 13(2) and (3) do not apply; and
- (b) instead, the supply is GST-free to the extent that the consideration for the supply is paid before the earlier of the following:
 - (i) 1 July 2005;
 - (ii) if a review opportunity as mentioned in paragraph 13(2)(b) arises—when that opportunity arises.

Part 4—Stock on hand on 1 July 2000

16 Special GST credit for sales tax paid on stock

- (1) You are entitled to a special credit for GST purposes 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.
- (2) However, this section does not apply to the following:
 - (a) second-hand goods (unless you imported them and nobody was entitled to quote under the *Sales Tax Assessment Act 1992* for the importation);
 - (b) goods mentioned in subsection 15A(1) (alcoholic beverages) of the *Sales Tax (Exemptions and Classifications) Act 1992*.
- (3) The amount of the special credit is equal to the amount of sales tax that you have borne in respect of the goods.
- (4) The special credit is treated as though it were an input tax credit attributable to any one tax period of your choice. However, you are not entitled to it unless you separately identify it in a GST return that you lodge before 22 January 2001.
- (5) The Commissioner may make a written ruling determining methods for working out the amount of sales tax that you have borne in respect of specified goods in cases where that amount is not readily ascertainable.

Note: Goods may be specified by name, by inclusion in a specified class or in any other way.

17 Stock later applied for private or domestic purpose

- (1) If:
-

Section 18

- (a) you have on hand, at the start of 1 July 2000, assessable goods that are held for the purposes of sale or exchange (but not for manufacture) in the ordinary course of business; and
 - (b) on or after 1 July 2000, you apply the goods to any extent for a private or domestic purpose; and
 - (c) you are registered, or required to be registered, when you apply the goods;
- you are taken, for the purposes of the GST law, to have made a taxable supply that is attributable to the tax period during which you apply the goods.
- (2) The value of the supply is the market value of the goods (to the extent that they are applied for that purpose) when they were applied.
 - (3) If:
 - (a) you have on hand, at the start of 1 July 2000, assessable goods that are held for the purposes of sale or exchange (but not for manufacture) in the ordinary course of business; and
 - (b) on or after 1 July 2000, you cease to be registered; and
 - (c) you still hold the goods at the time of the cessation;you are taken, for the purposes of the GST law, to have made a taxable supply that is attributable to the tax period that was in progress immediately before the cessation.
 - (4) The value of the supply is the market value of the goods as at the time of the cessation.

18 Second-hand goods

- (1) Division 66 of the GST Act applies to second-hand goods you acquired before 1 July 2000 only if 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.
- (2) This section does not apply to second-hand goods in respect of which you are entitled to a special credit under section 16.

Part 5—Special transitional rules**19 Construction agreements made before 1 July 2000**

- (1) This section applies to the extent that a supply of goods or real property is the construction, major reconstruction, manufacture or extension of a building or of a civil engineering work by the supplier, and the goods or real property are:
 - (a) supplied in accordance with a written agreement made before 1 July 2000; and
 - (b) made available to the recipient on or after 1 July 2000.
- (2) The value of all work and materials permanently incorporated in or affixed on the site of the building or civil engineering work in accordance with the agreement must be determined, as at the start of 1 July 2000.
- (3) GST is only payable on the supply to the extent that the value of the supply exceeds the value determined under subsection (2).

Note: Division 29 of the GST Act and section 10 of this Act contain rules about attributing the GST to tax periods.
- (4) This section only applies to the extent that the value mentioned in subsection (2) is determined:
 - (a) in a manner specified by the Commissioner; and
 - (b) on or before the end of the supplier's first tax period after 1 July 2000, or a later day allowed by the Commissioner.
- (5) If section 13 applies to the agreement, treat the references to 1 July 2000 in subsections (2) and (4) of this section and in section 10 as references instead to the earlier of the following:
 - (a) 1 July 2005;
 - (b) the time when a review opportunity as mentioned in paragraph 13(2)(b) first arises.

Section 20

20 Phasing in input tax credits for motor vehicles etc.

- (1) This section applies to the acquisition or importation of:
 - (a) a motor vehicle; or
 - (b) a detachable trailer designed to be towed by a prime mover of a kind prescribed in the regulations; or
 - (c) a body for a motor vehicle, including an insulated body, tank-body, or other body designed for transporting goods of particular kinds.
- (2) You are not entitled to an input tax credit on the acquisition or importation if the acquisition or importation is made before 1 July 2001.
- (3) If the acquisition or importation is made on or after 1 July 2001 but before 1 July 2002, the amount of any input tax credit you are entitled to on the acquisition or importation is reduced by 50%.
- (4) This section does not apply in any of the following cases:
 - (a) you acquire or import the motor vehicle, trailer or body to hold as trading stock, unless it is held for hire;
 - (b) the motor vehicle, trailer or body is second-hand;
 - (c) no dealing in respect of the acquisition or importation would be taxable under the sales tax law (assuming sales tax had not been ended by the *A New Tax System (End of Sales Tax) Act 1999* and by section 8 of this Act);
 - (d) you are an insurer and, in settling a claim, you acquire the motor vehicle, trailer or body to replace an insured motor vehicle, trailer or body.

21 Acupuncture, naturopathy and herbal medicine

- (1) Paragraph 38-10(1)(b) of the GST Act does not apply in relation to a supply of a service of:
 - (a) acupuncture; or
 - (b) naturopathy; or
 - (c) herbal medicine (including traditional Chinese herbal medicine);
-

if the service is performed before 1 July 2003.

- (2) However, such a service of acupuncture, naturopathy or herbal medicine performed before 1 July 2003 is not GST-free if the supplier of the service does not meet the requirements (if any) in regulations made for the purposes of this subsection in relation to a supplier of an acupuncture, naturopathy or herbal medicine service, as the case requires.
- (3) The requirements may relate to one or more of the following:
 - (a) educational qualifications;
 - (b) membership of a professional body;
 - (c) any other qualifications.

22 Insured event before 1 July 2000

- (1) The settlement of an insurance claim is not a taxable supply to the extent that the event giving rise to the claim happened before 1 July 2000.
- (2) However, if:
 - (a) the claim relates to an insurance policy covering a period that started before 1 July 2000 and ends after that day; and
 - (b) it cannot be ascertained whether the event giving rise to the claim happened before 1 July 2000;subsection (1) does not apply, and the settlement is not a taxable supply if the claim was made before 1 July 2000.
- (3) You are not entitled to an input tax credit for an insurance claim you pay to the extent that the event giving rise to the claim happened before 1 July 2000.
- (4) However, if:
 - (a) the claim relates to an insurance policy covering a period that started before 1 July 2000 and ends after that day; and
 - (b) it cannot be ascertained whether the event giving rise to the claim happened before 1 July 2000;

Section 23

subsection (3) does not apply, and you are not entitled to an input tax credit for the claim you pay if the claim was made before 1 July 2000.

23 Input tax credits for insurance premiums

You are not entitled to an input tax credit for a premium paid on an insurance policy before 1 July 2003 unless you notify the Commissioner, in the approved form, that you are claiming an input tax credit for payment of the premium.

24 Gambling

- (1) If you make a gambling supply before 1 July 2000 relating to a gambling event that happens on or after 1 July 2000, the gambling supply is instead taken to have been made on 1 July 2000 and is attributable to your first tax period after that day.
- (2) In applying section 126-10 of the GST Act to work out your global GST amount, disregard:
 - (a) all monetary prizes you are liable to pay at any time on the outcome of gambling events that happened before 1 July 2000; and
 - (b) all amounts of money you are liable to pay, of a kind referred to in paragraph (b) of the definition of *total monetary prizes* in subsection 126-10(1), to the extent that they relate to gambling events that happened before 1 July 2000.

Part 6—Regulations

25 Regulations

- (1) The Governor-General may make regulations prescribing matters:
 - (a) required or permitted by this Act to be prescribed; or
 - (b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.
- (2) In particular, regulations may be made for other transitional measures relating to the end of sales tax, the start of GST, or the transition from sales tax to GST.

Schedule 1—Amendment of the sales tax law

Sales Tax Assessment Act 1992

1 At the end of subsection 16(2)

Add:

Note: Generally, no sales tax is payable on an assessable dealing if the time of the dealing (as specified in column 4 of Table 1) is after the commencement of the *A New Tax System (End of Sales Tax) Act 1999*.

2 After item TCR3 in Table 3A in Schedule 1

Insert:

TCR4	Transitional credit for reduction of rates from 32% to 22%	Claimant has borne tax on assessable goods covered by any of items 4 to 14 of Schedule 5 to the Exemptions and Classifications Act, and holds the goods for sale on the 21st day after the day on which the GST Act receives the Royal Assent.	not applicable	the difference between the amount of tax borne and the amount that would have been borne had the rate of tax instead been 22%	the 21st day after the day on which the GST Act receives the Royal Assent
-------------	--	--	----------------	---	---

Sales Tax (Exemptions and Classifications) Act 1992

3 At the end of section 15

Add:

- (3) If goods were, immediately before the 21st day after the day on which the *A New Tax System (Goods and Services Tax) Act 1999* received the Royal Assent, covered by any of items 4 to 14 of

Schedule 5, those goods are taken not to be covered by any Schedule other than Schedule 4.

4 Items 4 to 14 of Schedule 5

Repeal the items.

5 Application of amendment

The amendments made by items 3 and 4 apply to dealings with goods on and after the 21st day after the day on which the GST Act receives the Royal Assent.

*[Minister's second reading speech made in—
House of Representatives on 2 December 1998
Senate on 10 December 1998]*

(222/98)
