



Australian Government

The Board of Taxation

Review of the Legal Framework for the Administration of the GST

**Tax professionals consultation meeting
Brisbane, 6 August 2008, 9.30-11.00 am**

Summary of key issues

- Key issues: hire purchase and cash basis, going concern, Div 129 adjustment process – building new residential premises then renting them, Div 135 adjustments.
- There is a difficult process for non-residents to register eg process of going to Australian consulate overseas to get appropriate documentation. Option – leave them out of system? But, no credits would be available.
- Currently no mechanism to cease registration without an adjustment.
- Subsection 38-190(3) is very broad – in theory should be revenue neutral. Could there be further use of Division 84?
- GST grouping mid-period – issues around who made which supplies and when. Where an entity moves between groups you get a phantom month – entity can't be part of either group.
- The person we put the obligation on is not always the person who is most able to attend to it. Option – get someone else to do it eg appoint agent to collect credit.
- Draw analogy from Commissioner's practice in insolvency area in the application of registration and grouping to allow an appointed representative to account for GST.
- BAS improvements - streamline return eg like income tax return. But software is set up to deal with the current BAS, and taxpayers are used to it.
- Holding companies can't register, so thus can't group.
- When status of public unit trust changes to public trading trust, need a new ABN.
- Tax law partnership issues. Bringing income tax concept into GST law has created many problems. Option – don't treat as separate GST entity. However, issues where only one partner is registered. Examples in submissions should be given to the Board to illustrate the problem.
- Example of adjusting 8 years worth of BAS's – enormous cost. Adjustments should be able to be made in the current BAS. The correcting GST mistakes fact sheet (ATO's) is not wide enough. Option - sales tax had an exclusive code for refunds.

- Where build units, and plan to sell them, but initially rent them out. When start to rent out have to give back all credits. When sell, get credits back with adjustment for proportion of input-taxed use. Cash flow issue. Admin issue – can take developer weeks to identify affected input tax credits. Possible option is to raise threshold or a wider rethink to achieve same policy intent. (Adjustment solution – input tax relief option (especially for long-term assets)).
- Aligning concepts of rulings etc to make the GST system closer to the income tax system (where possible) will be better.
- Non-monetary consideration – should be streamlined.