



Australian Government

The Board of Taxation

Review of the Legal Framework for the Administration of the GST

Corporates and business associations consultation meeting Perth, 21 August 2008, 8.30-10.00 am

Summary of key issues

- Issues identified at beginning of session: ensure tax laws don't drive commercial decisions, entities, issues around exports, registration of non-resident companies (documentation), joint ventures (how the refund system works), timing of making changes to registration (eg to joint venture, or cancelling registration).
- Foreign entity registration – “once you're in for GST, you're in for all taxation purposes”. Impacts on relationships between parties.
- Registering a foreign entity (part of world-wide group). Process difficult eg non-resident director needs passport certified. “Put it in the too hard basket for now.”
- Operating in global industry – but the tax system has a more regional focus. Tensions can cause difficulties.
- Example of overseas prime contractor based in United States and smaller contracts awarded to Australian entities. Interactions raise issues – relationships between various parties. Industry has put structures in place to work around – agency principle.
- Joint venture registration. Example of changing operator of joint venture. Once done commercially (chose date at start of tax period) industry would like the tax change to also be made in real time. Took 3 months so had to hold off lodging BAS. Results in implication for cash flow. Can't access form on internet.
- Need simple users guides eg going concern.
- Entities – joint ventures and the joint venture operator. Single ABN with different CAC number. Example of offsetting liabilities of one joint venture against payables of others with the same joint venture operator. Example where operator put in an awkward position. Was told it was a 'system issue'.
- Example of large organisation with multiple entities spending 3 to 4 days per month on administration running balance accounts.
- Example of identifying a mistake then relying on Tax Office's key client manager to assist with going back and amending previous BAS's. Option – adjust in real time only once.
- Fuel tax credits – when a vessel goes from permit to permit and purchases fuel at start, but not till end of run know how much fuel is used in each permit (each permit relates to different

joint venture with different BAS). Option – claim as you go and then do own internal adjustments.

- Alignment of different taxes – fuel tax credits, income tax, GST, carbon pollution reduction scheme etc. To the extent they can be coordinated, that would be useful.
- Adjustment provisions – issues with threshold amounts for large businesses, and also timing periods. Option – higher thresholds to make amendments in current BAS. Current dollar and timing thresholds are more targeted to small business.
- To amend on current BAS – have a debit or credit adjustment box on the BAS. Avoids amending each one. If amendments to current period BAS – could still acknowledge where it is related to a previous period, so could apply appropriate GIC.
- Period of review – example given where any amendments have been completed within current financial year.
- Members not ‘protected’ where industry association applies for ruling, members need a separate private ruling.