

APPENDIX A: GST REVENUE MEASURES

Barter trade exchange schemes

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-2.0	-2.0	-2.0	-2.0

It is proposed that the supply of an interest in, or under, a barter trade exchange scheme not be treated as an input taxed financial supply for GST purposes. The measure will have effect from the date of gazettal of the regulations.

The change will ensure barter trade exchange schemes are not treated as managed investment schemes for GST purposes.

The measure is subject to the unanimous agreement of State and Territory governments.

Changes to Australia's duty free concessions

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-17.0	-17.0	-17.0	-17.0

It is proposed to make changes to the duty free concessions available to passengers and Australian-domiciled crew members. The changes will have effect from the date of commencement of the Customs by-laws.

These changes will simplify Customs processes and streamline passenger and crew processing. The changes include:

- an increase in the general concession from \$400 to \$900 for adult travellers and from \$200 to \$450 for minors;
- an increase in the alcoholic beverages concession from 1.125 litres to 2.25 litres;
- the carriage of one carton (being the current concession) and one opened packet (maximum 25 sticks) of cigarettes without the requirement for duty collection within the tobacco concession; and
- the adoption of the same concession regime for crew members as for passengers, but with a general concession amount of \$450.

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The current \$50 waiver provision for all passengers will be replaced with a requirement that GST and/or duty be payable on the full value of goods within any category where the concession limit for that category is exceeded.

The measure is subject to the unanimous agreement of State and Territory governments.

Further information can be found in the joint press release of 18 September 2003 issued by the Minister for Justice and Customs and the Minister for Small Business and Tourism.

Compulsory third party insurance transactions

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	*	*	*	*

After having obtained the unanimous agreement of the States and the Australian Government, several corrections to the GST insurance provisions have been made to ensure that they operate as intended in relation to transactions undertaken by operators of motor vehicle compulsory third party schemes, with effect from 1 July 2000.

Extension of the GST-free car concessions for injured veterans

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office

It is proposed to extend the GST-free motor vehicle concession to include a new category of severely injured veterans under the Military Rehabilitation and Compensation Scheme. The measure will have effect from the date of Royal Assent of the enabling legislation.

Currently, only veterans who have lost (or effectively lost) a leg or both arms, or who are in receipt of a Totally and Permanently Incapacitated pension under the *Veterans' Entitlements Act 1986*, are eligible for a GST-free car.

The measure is subject to the unanimous agreement of State and Territory governments.

GST-free Ibuprofen

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-	-	-	-

After having obtained the unanimous agreement of all the States and the Australian Government, the supply of 200 mg or less of Ibuprofen in packs of up to 25 tablets became GST-free from 1 April 2004.

The measure ensures that the GST treatment of small quantities of Ibuprofen is consistent with Ibuprofen supplied in larger quantities and with the treatment of aspirin and paracetamol supplied in supermarkets and other retailers.

Income tax consolidation — interaction with the GST

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-	-	-	-

After having obtained the unanimous agreement of all the States and the Australian Government, certain transactions undertaken by businesses as a result of the operation of the consolidation regime will not be taxable supplies, with effect from 1 July 2002.

Specifically, transactions will not be taxable supplies for GST purposes if they are made as a result of:

- the statutory operation of the consolidation provisions;
- entering into a tax sharing agreement;
- leaving a consolidated group clear of group liability; or
- entering into a tax funding agreement.

The measure will reduce compliance costs and will ensure that businesses will receive the same GST treatment under the consolidation regime as they received in a pre-consolidation environment.

Further information can be found in the press release of 27 June 2002 issued by the Minister for Revenue and Assistant Treasurer.

Long-term non-reviewable contracts

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-	*	*	*

It is proposed that suppliers with long-term non-reviewable contracts will be allowed to recover the net impact of the GST from the recipient of their supplies, with effect from 1 July 2005.

Currently, the GST transitional rules allow pre-existing contracts that do not have a review opportunity to remain GST-free until 1 July 2005. When this transitional period ends, suppliers with these contracts would have incurred a GST liability with no recourse under the contract to recover this GST from their recipients.

The measure is subject to the unanimous agreement of State and Territory governments.

Further information can be found in the press release of 21 November 2003 issued by the Minister for Revenue and Assistant Treasurer.

Payments out of the National Guarantee Fund

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-	-	-	-

After having obtained the unanimous agreement of all the States and the Australian Government, no GST consequences will arise from a payment from the National Guarantee Fund (NGF) to a prescribed body that undertakes clearing and settlement facility support. The measure is part of arrangements to restructure the investor protection and clearing support roles of the NGF. It applies to payments made on or after 4 December 2003.

The *Corporations Act 2001* provides a mechanism for the Minister to direct a payment out of the NGF to a newly created fund responsible for clearing and settlement facility support operations. The NGF will then only remain responsible for funding investor protection operations.

Small business — annual payment and lodgement

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-330.0	-16.4	-17.2	-18.2

It is proposed to allow eligible taxpayers that are voluntarily registered for the GST to pay and report GST annually, with effect from the 2004-05 income year.

Currently, businesses with annual turnover less than \$50,000 and non-profit organisations with annual turnover less than \$100,000 can voluntarily register for the GST. Registered taxpayers are required to pay GST either monthly or quarterly. The measure will ease compliance requirements for up to 740,000 small businesses and up to 30,000 non-profit organisations.

The measure is subject to the unanimous agreement of State and Territory governments.

See also the related expense measure titled *Small business annual payment and lodgement of GST - compensating the States for revenue forgone* in Budget Paper No. 2.

Small business — annual private apportionment

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	*	*	*	*

It is proposed to allow small businesses with an annual turnover of \$2 million or less to apply private use apportionment for GST purposes on an annual basis. The measure will have effect from the 2004-05 income year.

Currently, businesses can claim input tax credits relating to eligible business expenses when they lodge their Business Activity Statement (BAS), which may be monthly or quarterly. Where expenses are partly for private use, only the proportion of credits relating to business use can be claimed.

The measure will allow eligible taxpayers to claim the entire amount of input tax credits when lodging their monthly or quarterly BAS, without apportioning for private use. Adjustments for private use will be made on an annual basis.

The measure will reduce the compliance requirements for many small businesses that use assets for private purposes, including those that operate from home or use a motor vehicle. The design and implementation will be developed in consultation with small business representatives.

The measure is subject to the unanimous agreement of State and Territory governments.

Treatment of first aid and life saving courses

Revenue (\$m)	2004-05	2005-06	2006-07	2007-08
Australian Taxation Office	-3.0	-3.0	-3.0	-3.0

After having obtained the unanimous agreement of all the States and the Australian Government, supplies of eligible life saving courses are GST-free where the supplier uses an instructor that holds a specified training qualification, with effect from 1 July 2000.

In addition, the Government has removed the restriction that only an entity that is a 'body' may treat the supply of an eligible first aid or life saving course as GST-free.