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## Goods and Services Tax: Classes of Recipient Created Tax Invoice Determination (No.15) 2015

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# Explanatory Statement

### General Outline of Instrument

1. This determination is made under subsection 29-70(3) of the *A New Tax System (Goods and Services Tax) Act 1999*.
2. The determination allows a merchandiser that acquires goods on a sale or return basis to issue Recipient Created Tax Invoices (RCTIs) to a supplier if the merchandiser determines the value of the taxable supply.
3. The determination is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

### Date of effect

4. The instrument commences on the day after registration.
5. The instrument does not apply retrospectively.

### What is this instrument about:

6. The purpose of this instrument is to outline a class of tax invoices that the Commissioner has determined may be issued by recipients of taxable supplies. The Commissioner makes the determination by taking account of a number of factors including the type of industry, the taxable supply, GST turnover of the recipient and certain requirements for issuing RCTIs. The factors reflect a balance between facilitating the practical use of RCTIs by businesses and maintaining the integrity of the GST system.
7. A tax invoice that belongs to a class of tax invoices for a taxable supply of goods may be issued by a merchandiser that is the recipient of a sale or return basis taxable supply where:
  - the recipient establishes the value of the goods acquired from the supplier; and
  - the recipient satisfies the requirements set out in Clause 6 of the legislative instrument.

### What is the effect of this instrument:

8. The effect of this instrument is to allow a merchandiser that is the recipient of a sale or return basis taxable supply to issue RCTIs to the supplier. The merchandiser has the expertise, knowledge and access to the relevant information to accurately calculate the value of the taxable supply. This instrument allows them to streamline their current invoicing and payment practices.

9. Compliance cost impact: minor- there will be no or minimal impacts for both implementation and ongoing compliance costs. The legislative instrument is minor or machinery in nature.

**Background:**

10. This instrument replaces *A New Tax System (Goods and Services Tax) 1999 Classes of Recipient Created Tax Invoice Determination (No. 14) 2000*. The replaced instrument is repealed on the commencement of this determination.

**Consultation:**

11. Section 18 of the *Legislative Instruments Act 2003* specifically provides for circumstances where consultation may not be necessary or appropriate. One of those circumstances is where the instrument is considered minor or machinery in nature, and does not substantially change the law.
12. Because there is no substantive change from the previous instrument therefore the instrument is considered minor or machinery in nature.
13. As such, no further consultation has been undertaken in the development of this instrument.

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**James O'Halloran**  
**Deputy Commissioner of Taxation**  
15 September 2015

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## **Statement of Compatibility with Human Rights**

This statement is 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 a merchandiser that is the recipient of a sale or return basis taxable supply to issue Recipient Created Tax Invoices (RCTIs) to a supplier, if the merchandiser determines the value of the taxable supply, and the requirements of the legislative instrument are satisfied.

#### **Human rights implications**

This instrument does not engage any of the applicable rights or freedoms. It allows for the streamlining of current invoicing and payment practices.

#### **Conclusion**

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