

RCTI 2016/21 - Explanatory statement -



Explanatory Statement

Goods and Services Tax: Recipient Created Tax Invoice Determination (No. 21) 2016 for Vehicle Dealers

General outline of determination

1. This determination is made under subsection 29-70(3) of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act).
2. The determination allows a vehicle dealer who is recipient of a taxable supply of a vehicle trade-in, to issue recipient created tax invoices (RCTIs) to the supplier if the recipient 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 determination commences on the day after registration.

What is this determination about:

5. Generally, tax invoices are issued by the entity that makes the supply under the GST Act.
6. The purpose of this determination is to outline a class of tax invoices that the Commissioner has determined may be issued by recipients of taxable supplies (called RCTIs). The Commissioner makes the determination by taking account a number of factors including the type of industry, the taxable supply, the 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. In accordance with this determination, a vehicle dealer who is a recipient of a taxable supply of a vehicle trade-in may issue a RCTI for the supply if the vehicle dealer:
 - establishes the value of the taxable supply;
 - provides all documentation required to affect the transfer of the vehicle; and
 - satisfies the requirements set out in Clause 7 of the determination.

What is the effect of this determination

8. The effect of this determination is to allow a vehicle dealer who is a recipient of a taxable supply of a vehicle trade-in to issue a RCTI, if the requirements of the determination are satisfied. It does not apply to a private trade-in vehicle from an unregistered supplier. This concession is given because the vehicle dealer has the information to accurately calculate the value of the taxable supply and allows the parties of the transaction to simplify payment and invoicing processes.
9. This determination is substantially the same as the previous determination that it replaces. Therefore, a vehicle dealer who satisfied the previous determination will satisfy this determination and can continue to issue RCTIs under this determination.
10. Compliance cost impact: minor- there will be no or minimal impacts for both implementation and ongoing compliance costs. The determination is minor or machinery in nature.

Background:

11. This determination replaces *A New Tax System (Goods and Services Tax) Act 1999 Classes of Recipient Created Tax Invoice Determination (No. 46) 2000*. The replaced instrument is repealed on commencement of this determination.

Consultation:

12. 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 determination is considered minor or machinery in nature, and does not substantially change the law.
13. In this case, no further consultation has been undertaken in the development of this determination because there is no substantive change from the previous determination and it is considered minor or machinery in nature.

Legislative references:

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

Legislative Instruments Act 2003

Timothy Dyce
Deputy Commissioner of Taxation
[24 February 2016]

Statement of Compatibility with Human Rights

This statement is prepared in accordance with *Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*.

Goods and Services Tax: Classes of Recipient Created Tax Invoice Determination (No. 21) 2016 for Vehicle Dealers

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

Generally, tax invoices are issued by a supplier under the basic rules for GST. This Legislative Instrument allows a vehicle dealer who is the recipient of a taxable supply of a vehicle trade-in, to issue recipient created tax invoices (RCTIs) to supplier, if the recipient determines the value of the taxable supply, and the requirements of the Legislative Instrument are satisfied. This will simplify both the invoicing and payment processes for the vehicle dealer and the supplier of the vehicle.

Human rights implications

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

Conclusion

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