



A New Tax System (Goods and Services Tax) Act 1999 Classes of Recipient Created Tax Invoice Determination (No. 43) 2000

as amended

made under subsection 29-70(3) of the *A New Tax System (Goods and Services Tax) Act 1999* and subsection 4(1) of the *Acts Interpretation Act 1901*.

This compilation was prepared on **18 May 2009**
taking into account amendments up to *Recipient Created Tax Invoice – Embedded Agreement Amending Legislative Instrument 2009*

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Australian Taxation Office

Citation (see Note 1)

1. This determination may be cited as the *A New Tax System (Goods and Services Tax) Act 1999 Classes of Recipient Created Tax Invoice Determination (No. 43) 2000*.

Commencement (see Note 1)

2. (a) This determination commences on 8th December 2000.
(b) This determination does not revoke or vary any previous determination made by the Commissioner or a delegate of the Commissioner.

Application of determination

3. This determination applies to an entity not determined previously as being able to issue a tax invoice belonging to a class of tax invoices that may be issued by a recipient.

Classes of Tax Invoices that may be issued by the recipient of a taxable supply

4. A tax invoice that belongs to a class of tax invoices for a taxable supply of labour services which are in the nature of primary production activities and the supply of incidental goods that are necessarily supplied with those labour services, may be issued by an entity that is the recipient of that taxable supply where the recipient:
 - (a) establishes the value of those services and incidental goods after the supply is made using a method agreed between the recipient and the supplier based on a qualitative and/or quantitative process; and
 - (b) satisfies the requirements set out in Clause 5.

Requirements that must be satisfied by a recipient of a taxable supply

5. A recipient must satisfy the following requirements:
 - (a) the recipient must be registered for GST when the invoice is issued;
 - (b) the recipient must set out in the tax invoice the ABN of the supplier;
 - (c) the recipient must issue the original or a copy of the tax invoice to the supplier within 28 days of making, or determining, the value of a taxable supply and must retain the original or the copy;
 - (d) the recipient must issue the original or a copy of an adjustment note to the supplier within 28 days of the adjustment and must retain the original or the copy;
 - (e) the recipient must reasonably comply with its obligations under the taxation laws;
 - (f) the recipient must have either:

- a written agreement with the supplier specifying the supplies to which it relates, that is current and effective when the RCTI is issued, agreeing that:
 - (i) the recipient can issue tax invoices in respect of the supplies;
 - (ii) the supplier will not issue tax invoices in respect of the supplies;
 - (iii) the supplier acknowledges that it is registered for GST when it enters into the agreement and that it will notify the recipient if it ceases to be registered;
 - (iv) the recipient acknowledges that it is registered when it enters into the agreement and that it will notify the supplier if it ceases to be registered for GST; and
 - (v) the recipient indemnifies the supplier for any liability for GST and penalty that may arise from an understatement of the GST payable on any of the specified supplies received on a tax invoice the recipient issues; or
- an agreement with the supplier embedded in an RCTI it issues that contains the following statement:

The recipient and the supplier declare that this agreement applies to supplies to which this tax invoice relates. The recipient can issue tax invoices in respect of these supplies. The supplier will not issue tax invoices in respect of these supplies. The supplier acknowledges that it is registered for GST and that it will notify the recipient if it ceases to be registered. The recipient acknowledges that it is registered for GST and that it will notify the supplier if it ceases to be registered for GST. The recipient indemnifies the supplier for any liability for GST and penalty that may arise from an understatement of the GST payable on any of the specified supplies received on a tax invoice the recipient issues. Acceptance of this RCTI constitutes acceptance of the terms of this written agreement.

Both parties to this supply agree that they are parties to an RCTI agreement. The supplier agrees to notify the recipient if the supplier does not wish to accept the proposed agreement within 21 days of receiving this document.

- (g) the recipient must not issue a document that would otherwise be a recipient created tax invoice, on or after the date when the

recipient or the supplier has failed to comply with any of the requirements of this determination;

- (h) if the recipient has a current GST turnover of less than \$1,000,000, it must notify the Commissioner in writing of the recipient's intention to use recipient created tax invoices. This notification must be made before 14 days have elapsed after the first occasion that a recipient created tax invoice is issued by that recipient.

Definitions

6. The following expressions are defined for the purposes of this determination:

a method agreed between the recipient and the supplier is limited to the following:

$$\text{percentage} \times \text{value of supply}$$

where:

percentage means the percentage as agreed between the recipient and the supplier.

value of supply means the value as determined by an entity other than the supplier. This includes but is not limited to:

- price paid for weight of livestock;
- price paid for products from fishing operations;
- price paid for produce at market.

qualitative and/or quantitative process means a process by which the supplied product is assessed on criteria such as quality or weight in determining its value.

primary production activities mean activities of primary production including but not limited to :

- (a) the cultivation of land;
- (b) the maintenance of animals or poultry for the purpose of selling them or their bodily produce, including natural increase;
- (c) fishing operations;
- (d) forest operations;
- (e) horticulture; or
- (f) the manufacture of dairy produce by the person who produced the raw material used in that manufacture;

but does not include mining operations.

labour services means services provided to the recipient by the supplier:

Example

A farmer is engaged by a land owner to grow a grain crop on the land. The agreement is that the farmer receives 45% of the proceeds from the sale of the grain for his labour services. The land owner makes a taxable supply of grain to a grain board. The grain board undertakes qualitative and/or quantitative analysis to determine the value of the grain. It is on the basis of this analysis that the value of the labour services is determined. The labour service provider is unable to determine the value of the services.

7. Other expressions in this determination have the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

Table of Instruments

Notes to the *A New Tax System (Goods and Services Tax) Act 1999 Classes of Recipient Created Tax Invoice Determination (No. 43) 2000*

Note 1

The *A New Tax System (Goods and Services Tax) Act 1999 Classes of Recipient Created Tax Invoice Determination (No. 43) 2000* (in force under subsection 29-70(3) of the *A New Tax System (Goods and Services Tax) Act 1999*) as shown in this compilation is amended as indicated in the Tables below.

Table of Instruments

Title	Date of FRLI registration	Date of commencement
<i>A New Tax System (Goods and Services Tax) 1999 Classes of Recipient Created Tax Invoice Determination (No. 43) 2000</i>	see F2005B02791	8 December 2000
Recipient Created Tax Invoice - GST Terminologies Amending Legislative Instrument 2007	22 May 2007 (see F2007L01466)	21 June 2007
Recipient Created Tax Invoice – Embedded Agreement Amending Legislative Instrument 2009	14 May 2009 (see F2009L01772)	1 July 2009

Table of Amendments

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ad. = added or inserted am. = amended rep. = repealed rs. = repealed and substituted

Provision affected	How affected
Clause 5	am. (F2007L01466)
Clause 5	am. (F2009L01772)