

WAN 2004/2 -

COMMONWEALTH OF AUSTRALIA

A NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT 1999

DETERMINATION

I, Anthony Long in the exercise of the powers and functions conferred upon me, by delegation from the Commissioner of Taxation pursuant to section 8 of the *Taxation Administration Act 1953* (Cth), do hereby determine under subsection 29-20(3) of the *A New Tax System (Goods and Services Tax) Act 1999*:

Citation

1. This determination is the *A New Tax System (Goods and Services Tax) Waiver of Adjustment Note Requirement Determination (No. 2) 2004 – Business Travel Account Holder of American Express International Inc.*

Commencement and application

2. (1) This determination commences on 1 July 2004.
- (2) This determination terminates the *A New Tax System (Goods and Services Tax) Waiver of Adjustment Note Requirement Determination (No.2) 2001 – Business Travel Account Holder of AMERICAN EXPRESS INTERNATIONAL INC.* (the "predecessor determination").
- (3) This determination does not revoke or vary any other previous determination made by the Commissioner or a delegate of the Commissioner.
- (4) This determination applies in relation to net amounts for tax periods starting on or after 1 July 2004.
- (5) The predecessor determination ceases to apply in relation to net amounts for tax periods starting on or after 1 July 2004.

Circumstances where the requirement for a tax invoice does not apply

3. The circumstance set out in the following paragraphs is the circumstance of a kind in which the requirement for an adjustment note under subsection 29-20(3) of the Act does not apply.
4. A Business Travel Account Holder of American Express International Inc. will not be required to hold an adjustment note for a decreasing adjustment arising from an adjustment event relating to a creditable acquisition purchased through the Business Travel Account in order to attribute to a tax period an adjustment to an input tax credit previously attributed on the acquisition, provided that at the time the Business Travel Account Holder gives its GST return/Business Activity Statement ("BAS") for the tax period to the Commissioner:

- (a) The Business Travel Account Holder holds a Business Travel Account Statement produced by American Express International Inc. that includes the following details:
- (i) The Business Travel Account Holder's name;
 - (ii) The name(s) of the person(s) who uses the Business Travel Account to purchase creditable acquisitions(s) to which the adjustment relates;
 - (iii) The Business Travel Account Holder's Australian Business Number ('ABN') or address; and
 - (iv) For each acquisition for which the Business Travel Account Holder may adjust the amount of input tax credit previously attributed, the Business Travel Account Statement has:
 - the date the Business Travel Account Holder facilitated the adjustment;
 - the supplier's name;
 - the supplier's ABN;
 - the supplier's Branch Registration Number (where applicable);
 - the difference between the price of the supply or supplies before the adjustment event and the new price of the supply or supplies subsequent to the adjustment being made;
 - a brief explanation of the reason for the adjustment, for example, "discount", "refund", "rebate", "return" or a code by which the reason is readily ascertained, such as REF for a refund;
 - the amount of the adjustment to the GST payable or a statement to the effect that the difference in the price of the taxable supply or supplies includes GST;
- (b) The Business Travel Account Holder has an effectively regulated corporate policy for making adjustments for expenditure on the Business Travel Account that is of a private or domestic nature and was not made in connection with carrying on the Business Travel Account Holder's enterprise;
- (c) The Business Travel Account Holder has supplementary documentation supporting each adjustment on the Business Travel Account Statement that has a private or domestic component and the documentary evidence clearly identifies the creditable and non-creditable components of the adjustment; and
- (d) American Express International Inc. meets the conditions set out in paragraphs 5 and 6 below.
5. American Express International Inc. must provide the date each adjustment on the statement was made.
6. Where all the information required on the statement is not provided by the merchant to American Express International Inc., the latter may, until 30 June 2006, separately obtain the supplier's ABN and GST registration status and then

calculate the amount of GST on the adjustment provided American Express International Inc.:

- (a) has obtained a signed statement from each merchant that states:
 - (i) the merchant's ABN and Branch Registration Number (where applicable);
 - (ii) whether or not the merchant is registered for GST;
 - (iii) the type of supply or supplies (i.e., taxable, GST-free and/or input taxed) the merchant provides;
 - (iv) where the merchant only provides taxable supplies, whether or not GST is calculated at 1/11th of the price for all the taxable supplies and subsequent adjustments the merchant provides; and
 - (v) provides American Express International Inc. with an undertaking that it will be notified –
 - when the merchant ceases to be registered for GST; or
 - when the merchant ceases to make only taxable supplies where the GST is calculated at 1/11th of the price;
- (b) retains the signed statement for at least 5 years after the merchant ceases its association with American Express International Inc.;
- (c) clearly identifies each adjustment in the statement that may be a GST-free, input taxed or mixed supply;
- (d) clearly identifies each adjustment where GST may not be 1/11th of the price;
- (e) where an adjustment has been identified as being a supply that may be GST-free, input taxed, or a supply where GST may not be 1/11th of the price, advises the Business Travel Account Holder to obtain an adjustment note before attributing an input tax credit to a tax period; and
- (f) where American Express International Inc. has obtained information that the merchant is not registered, or ceases to be registered for GST, American Express International Inc. must not calculate an amount of GST for adjustments from that merchant. Instead, American Express International Inc. must state that the amount of GST included in the adjustment is \$nil.

Situations where an adjustment note is still required

7. The Business Travel Account Holder will still need to obtain an adjustment note before attributing an adjustment to a tax period for an adjustment on the Business Travel Account Invoice Statement where:
 - (a) the Business Travel Account Statement indicates that the adjustment relates to a supply that may be a mixed supply or a taxable supply where GST is not 1/11th of the price; or

- (b) where there is an error on the Business Travel Account Statement in relation to the adjustment.

Definitions

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

the Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

The person(s) who uses the Business Travel Account includes a partner, sole trader, director, contractor or employee of an entity.

Business Travel Account Statement is a statement of liability that is issued by American Express International Inc. to one of its clients.

Business Travel Account is an account that is held by and in the name of an entity and is used to purchase goods and services for commercial purposes.

Business Travel Account Holder is the registered entity that holds a Business Travel Account with American Express International Inc.

Mixed supply is a supply of one or more taxable supplies and any one of the following supplies:

- a supply that is GST-free or input taxed;
- a supply that was made before 1 July 2000.

Other expressions in this Determination have the same meaning as in the Act.

Dated this 9th day of July 2004.

Anthony Long
ASSISTANT DEPUTY COMMISSIONER OF TAXATION
Goods and Services Tax (Financial Supplies & Insurance)