



# ***GSTA TPP 006 - Goods and services tax: How do I calculate the input tax credit for second-hand goods acquired on or after 1 July 2000?***

 This cover sheet is provided for information only. It does not form part of *GSTA TPP 006 - Goods and services tax: How do I calculate the input tax credit for second-hand goods acquired on or after 1 July 2000?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *14 June 2005*



## Goods and Services Tax Advice

### **Goods and services tax: How do I calculate the input tax credit for second-hand goods acquired on or after 1 July 2000?**

#### **Preamble**

*This document is a ruling for the purposes of section 37 of the Taxation Administration Act 1953. It illustrates the principles contained in **Goods and Services Tax Determination GSTD 2000/2 on input tax credits for second-hand goods acquired before 1 July 2000**. You can rely on the information presented in this document, which provides advice on the operation of the GST system.*

#### **Answer**

You may use the approach described in Division 66 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) to calculate your input tax credits.

#### **Background**

You buy second-hand goods after the start of GST on 1 July 2000. The supply of the goods to you is not a taxable supply nor is it GST-free. You subsequently make a taxable supply of the second-hand goods or, in the event section 66-45 of the GST Act applies, what would have been a taxable supply had this section not applied. You are registered for GST and were registered at the time you acquired the goods.

#### **Explanation**

Division 66 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) provides that an acquisition of second-hand goods you make may be a creditable acquisition despite the fact that GST was not payable on the supply of the goods to you.

Division 66 of the GST Act will apply to an acquisition of second-hand goods you make if:

- you acquired the goods for the purposes of sale or exchange (but not for manufacture).
- you were registered or required to be registered at the time you acquired the goods (for goods acquired on or after 1 July 2000), and

- you provided, or were liable to provide, consideration for the goods

However, Division 66 of the GST Act will not apply if:

- the supply of the goods to you was a taxable supply, or was GST-free; or
- you imported the goods; or
- the supply of the goods to you was a supply by way of hire; or
- you make a supply of the goods that is not a taxable supply.

#### *Subdivision 66-A of the GST Act*

Subdivision 66-A of the GST Act outlines the manner in which you calculate and account for an input tax credit relating to an acquisition of second-hand goods in circumstances where:

- you do not divide the goods for re-supply. or
- you divide the goods for re-supply and your division either corresponds to or involves no further divisions than the divisions indicated by the separate consideration you provided for each item (in the event that parts of your acquisition were separately itemised)

For more information on how to calculate and attribute the amount of an input tax credit in accordance with subdivision 66-A of the GST Act, refer to GSTA TPP 007 on calculating the input tax credit for second-hand goods not to be divided for re-supply.

#### *Subdivision 66-B of the GST Act – Global accounting method*

Subdivision 66-B of the GST Act applies if an acquisition of second-hand goods is divided for re-supply (other than where the division is covered by the second-dot point above under the heading *Subdivision 66-A of the GST Act*)

For more information on how to calculate and account for an input tax credit in accordance with subdivision 66-B of the GST Act, refer to GSTA

TPP 008 on calculating the input tax credit for second-hand goods divided for re-supply.

## Application of this GST Advice

This Advice is based on GSTD 2000/2. It explains our view of the law as it applied from 1 July 2000. You can rely on this Advice on and from its date of issue for the purposes of section 37 of the *Taxation Administration Act 1953*. Goods and Services Tax Ruling GSTR 1999/1 explains the GST rulings system and our view of when you can rely on our interpretation of the law in GST public and private rulings.

If this Advice conflicts with a previous private ruling that you have obtained, this public ruling prevails. However, if you have relied on a private ruling, you are protected in respect of what you have done up to the date of issue of this public ruling. This means that if you have underpaid an amount of GST, you are not liable for the shortfall prior to the date of issue of this later ruling. Similarly, you are not liable to repay an amount overpaid by the Commissioner as a refund.

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## Commissioner of Taxation

Date

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### **Related Rulings/Determinations/GST Advice:**

GSTR 2004/D4  
GSTA TTP 005  
GSTA TTP 007  
GSTA TTP 008

### **Subject references:**

second-hand goods  
input tax credits

### **Legislative references:**

ANTS(GST)A 1999 Div 29  
ANTS(GST)A 1999 Div 66  
ANTS(GST)A 1999 Subdiv 66-A  
ANTS(GST)A 1999 Subdiv 66-B  
ANTS(GST)A 1999 66-45  
TAA 1953 37

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### **ATO references**

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