


# ***GSTR 2000/24A - Addendum - Goods and Services Tax: Division 129 -making adjustments for changes in extent of creditable purpose***

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## Addendum

### Goods and Services Tax Ruling

#### Goods and Services Tax: Division 129 – making adjustments for changes in extent of creditable purpose

This Addendum amends Goods and Services Tax Ruling GSTR 2000/24, to revise the tables in paragraphs 34 and 35 of the Ruling, and correct associated footnotes. These tables set out the adjustment periods under subsections 129-20(2) and 129-20(3). This Addendum clarifies that an adjustment may arise if an entity's registration is cancelled even where the GST exclusive value of the acquisition or importation is below the relevant Division 129 adjustment threshold.

The Addendum also amends GSTR 2000/24 to reflect legislative changes to subsection 70-20(3) and the insertion of Division 189 that occurred after the Ruling issued on 28 June 2000.

This addendum applies on and from 1 July 2000.

#### **GSTR 2000/24 is amended as follows:**

##### **1. Paragraph 34**

Omit paragraph 34 and substitute with:

34. The adjustment periods for acquisitions or importations that do not relate to business finance are<sup>23</sup>:

| GST-exclusive value of the acquisition or importation | Adjustment periods |
|-------------------------------------------------------|--------------------|
| \$5,000 or less                                       | Two                |
| \$5,001 to \$499,999                                  | Five               |
| \$500,000 or more                                     | Ten                |

You will not have an adjustment under Division 129 where the GST exclusive value of the acquisition or importation that does not relate to business finance is \$1,000 or less.<sup>23A</sup> However, even where the GST exclusive value of the acquisition or importation is \$1,000 or less, you may have an increasing adjustment under Division 138 if your registration is cancelled.

**2. Paragraph 35**

Omit paragraph 35 and substitute with:

35. The adjustment periods for acquisitions or importations that relate to business finance are<sup>24</sup>:

| GST-exclusive value of the acquisition or importation | Adjustment periods |
|-------------------------------------------------------|--------------------|
| \$50,000 or less                                      | One                |
| \$50,001 to \$499,999                                 | Five               |
| \$500,000 or more                                     | Ten                |

You will not have an adjustment under Division 129 where the GST exclusive value of the acquisition or importation that relates to business finance is \$10,000 or less.<sup>24A</sup> However, even where the GST exclusive value of the acquisition or importation is \$10,000 or less, you may have an increasing adjustment under Division 138 if your registration is cancelled.

**3. Footnote 23**

Omit footnote 23 and substitute with:

<sup>23</sup> Subsection 129-20(3). However, section 129-25 may reduce the number of adjustment periods.

**4. After footnote 23**

Insert:

<sup>23A</sup> Subsection 129-10(2).

**5. Footnote 24**

Omit footnote 24 and substitute with:

<sup>24</sup> Subsection 129-20(2). However, section 129-25 may reduce the number of adjustment periods.

**6. After footnote 24**

Insert:

<sup>24A</sup> Subsection 129-10(1).

**7. Paragraph 15**

Omit from the third dot point in this paragraph ‘if the annual turnover of financial supplies is below the **financial threshold**’, and substitute with, ‘applied in making financial supplies if you do not **exceed the financial acquisitions threshold**’.

**8. After paragraph 21**

Omit the heading and substitute with:

*No adjustment where you do not exceed the financial acquisitions threshold*

**9. Paragraph 22**

Omit from the last sentence of this paragraph, ‘if your annual turnover of financial supplies does not exceed the financial threshold’, and substitute with, ‘if you do not exceed the financial acquisitions threshold’.

**10. Paragraph 23**

Omit ‘if your annual turnover of financial supplies does not exceed the financial threshold’, and substitute ‘if you do not exceed the financial acquisitions threshold’.

**11. Paragraph 25**

Omit from the second sentence of this paragraph, ‘*The annual turnover of financial supplies for Acme is below the financial threshold.*’, and substitute with ‘*Acme does not exceed the financial acquisitions threshold.*’

**12. Paragraph 43**

Omit from the last sentence of this paragraph, ‘or applied to make financial supplies.’ and substitute with, ‘or subsequently applied solely or partly to make financial supplies, or was solely or partly of a private or domestic nature.’

**13. Paragraph 65**

At the end of the paragraph add:

The Commissioner may determine, in writing, one or more ways to work out the extent to which an acquisition is for a creditable purpose.<sup>45A</sup>

**14. After footnote 45**

Insert:

<sup>45A</sup> Subsection 70-20(3).

## 15. After paragraph 80

Omit the heading and substitute with:

*Amount of adjustment where you do not exceed the financial acquisitions threshold*

## 16. Paragraph 81

Omit 'If your annual turnover of financial supplies does not exceed the financial threshold', and substitute with, 'If you do not exceed the financial acquisitions threshold'.

## 17. After paragraph 96

Omit the heading and substitute with:

**Exceed the financial acquisitions threshold<sup>68</sup>**

## 18. Paragraph 97

Omit paragraph 97 and substitute with:

97. Under Division 189, you exceed the financial acquisitions threshold in a particular month if, assuming that all the financial acquisitions<sup>68A</sup> you have made, or are likely to make, during the 12 months ending at the end of that month, or during that month and the next 11 months, were made solely for a creditable purpose, either or both of the following would apply:

- the amount of all the input tax credits to which you would be entitled for your financial acquisitions would exceed \$50,000 or such other amount specified in the GST regulations;
- the amount of the input tax credits to which you would be entitled for your financial acquisitions would be more than 10% of the total input tax credits to which you would be entitled for all your acquisitions and importations (including the financial acquisitions) during the relevant months.<sup>68B</sup>

## 19. Footnote 68

Omit footnote 68 and substitute with:

<sup>68</sup> Division 189.

**20. After footnote 68**

Insert:

<sup>68A</sup> Section 189-15 defines 'financial acquisition' as 'an acquisition that relates to the making of a financial supply (other than a financial supply consisting of a borrowing)'.

<sup>68B</sup> For members of a GST group, the financial acquisitions threshold is calculated under subsections 189-5(2) and 189-10(2) as if the whole group were a single entity.

**21. Paragraph 101 (Detailed contents list)**

Omit:

*'No adjustment where the annual turnover of financial supplies is below the financial threshold 22',*

and substitute with:

*'No adjustment where you do not exceed the financial acquisitions threshold 22'.*

Omit:

*'Amount of adjustment where annual turnover of financial supplies is below the financial threshold 81',*

and substitute with:

*'Amount of adjustment where you do not exceed the financial acquisitions threshold 81'.*

Omit:

*'Financial threshold 97',*

and substitute with:

*'Exceed the financial acquisitions threshold 97'.*

**22. Subject references**

Insert:

- exceed the financial acquisitions threshold
- financial acquisitions threshold

**23. Legislative references:**

Insert:

- ANTS(GST)A 1999 70-20(3)
- ANTS(GST)A 1999 Division 138
- ANTS(GST)A 1999 Division 189
- ANTS(GST)A 1999 189-5
- ANTS(GST)A 1999 189-5(2)
- ANTS(GST)A 1999 189-10
- ANTS(GST)A 1999 189-10(2)

# GSTR 2000/24

– ANTS(GST)A 1999 189-15

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**Commissioner of Taxation**

18 December 2002

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ATO references

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