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TAX LAWS AMENDMENT (TAX INTEGRITY: GST AND DIGITAL  
PRODUCTS) BILL 2015

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EXPOSURE DRAFT EXPLANATORY MATERIAL



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## ***Glossary***

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The following abbreviations and acronyms are used throughout this explanatory memorandum.

<b><i>Abbreviation</i></b>	<b><i>Definition</i></b>
ATO	Australian Taxation Office
GST Act	<i>A New Tax System (Goods and Services Tax) Act 1999</i>
OECD	Organisation for Economic Co-operation and Development



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# ***Tax integrity: extending GST to digital products and other services imported by consumers***

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## **Outline of chapter**

1.1 Schedule 1 to this exposure draft Bill amends the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) to ensure that digital products and other imported services supplied to Australian consumers by foreign entities (offshore intangible supplies to Australian consumers) are subject to goods and services tax (GST) in a similar way to equivalent supplies made by Australian entities.

## **Context of amendments**

### ***Existing GST framework***

1.2 GST is payable on taxable supplies and taxable importations.

1.3 Generally, for a supply to be a taxable supply, it must, among other things, be connected with the indirect tax zone (broadly supplies made or done in Australia or made to Australia, excluding those geographic areas where the GST does not apply – ie. principally the external territories). The supply must also not be GST free or input taxed (see section 9-5 of the GST Act). For simplicity, elsewhere in this document, references to Australia (including Australian resident) should be read as a reference to the indirect tax zone unless the context indicates otherwise.

1.4 Whether a supply is connected with the indirect tax zone depends on the nature of the supply and the circumstances in which the supply is made. The circumstances in which a supply of anything other than goods or real property is connected with the indirect tax zone include where:

- the thing is done in the indirect tax zone (paragraph 9-25(5)(a) of the GST Act);
- the supply is made through an enterprise that is carried on in the indirect tax zone (paragraph 9-25(5)(b) of the GST Act); or

- neither of those situations apply and the supply is the supply of a right to acquire another thing and the supply of the other thing would be connected with the indirect tax zone (paragraph 9-25(5)(c) of the GST Act).

1.5 The connected with the indirect tax zone rules, in conjunction with the rules for GST free exports and other provisions of the GST law, are generally intended to broadly exclude supplies from GST where the supply is not consumed in Australia.

1.6 An importation is a taxable importation if it is an importation of goods that are entered for home consumption, provided the importation is not specified to be a non-taxable importation.

1.7 Frequently, when an Australian resident obtains services or intangible property from a non-resident entity there will be neither a taxable supply nor a taxable importation.

1.8 The importation of services or intangible property will never be a taxable importation as importations must be of goods, which the GST Act defines as ‘any form of tangible property’.

1.9 They will also often not be a taxable supply. For many such supplies of intangibles the location where the supply is performed can often be arbitrary. If the location of performance is not in Australia, a supply by a non-resident will generally not be connected with the indirect tax zone.

1.10 Special rules exist for supplies of things other than goods and real property in the context of supplies between businesses that are not taxable supplies under the general GST rules. Division 84 of the GST Act broadly provides that these supplies will be taxable supplies if they are acquired for the purposes of an enterprise carried on by an entity in the indirect tax zone that is registered or required to be registered for GST and not solely for a creditable purpose. However, any GST payable on such a supply is ‘reverse-charged’; that is, it is payable by the recipient of the supply and not the supplier. This creates symmetry with taxable importations where the GST is imposed on the importer who may not be the supplier.

#### ***Intangible supplies to consumers***

1.11 The effect of Division 84 is generally to ensure that entities that are registered or required to be registered for GST are in the same net GST position in respect of things acquired for their Australian activities from overseas as they are for those things acquired locally.



1.12 However, this rule does not apply to supplies acquired by entities that are not registered or required to be registered for GST, or supplies that are not acquired for the purpose of carrying on an enterprise. As a result, such services and intangibles obtained by consumers from foreign residents are not generally subject to GST.

1.13 At the time of the introduction of the GST it was not considered necessary to address this gap as there was only a very limited range of services available to consumers from foreign suppliers that were not performed in Australia.

1.14 This is now clearly not the case. With the growth in the use of the internet and e-commerce more generally, it is often no more difficult for Australian residents to obtain many types of services and intangible property from a foreign resident than from a local supplier.

1.15 As a result, because GST does not apply to these supplies it creates both a significant integrity risk and places Australian suppliers at a tax disadvantage relative to foreign suppliers. This measure will ensure the GST revenue base does not steadily erode over time through increasing use of foreign digital suppliers.

1.16 The Organisation for Economic Co-operation and Development (OECD)/G20 Base Erosion and Profit Shifting Project on *Addressing the Tax Challenges of the Digital Economy* noted that the evolution of technology has dramatically increased the ability of private consumers to shop online and the ability of businesses to sell to consumers around the world without the need to be present physically or otherwise in the consumer's country. It further noted that this often results in no GST being levied at all on these flows, with adverse effects on countries' GST revenues and on the level playing field between resident and non-resident vendors.

1.17 The OECD is in the process of developing guidelines for the taxation of cross border supplies of services and intangibles. Guidelines concerning the place of taxation rules and collection mechanisms for business to consumer supplies are expected to be finalised by the end of 2015.

1.18 However, many countries have already acted to tax imported digital products, including Norway, Japan and the member states of the European Union.

## Summary of new law

1.19 Schedule 1 to this exposure draft Bill amends the GST law to make all supplies of things other than goods or real property connected with the indirect tax zone where they are made to an Australian consumer. An Australian consumer is broadly an Australian resident other than a business.

1.20 This change will result in supplies of digital products, such as streaming or downloading of movies, music, apps, games, e-books as well as other services such as consultancy and professional services receiving similar GST treatment whether they are supplied by a local or foreign supplier.

1.21 In some circumstances, responsibility for GST liability that arises under the amendments may be shifted from the supplier to the operator of an electronic distribution service.

1.22 This will occur where the operator controls any of the key elements of the supply such as delivery, charging or terms and conditions.

1.23 Shifting responsibility for GST liability to operators minimises compliance costs as operators are generally better placed to comply. In addition, it ensures that digital goods and services sourced in a similar manner are taxed in a similar way. These amendments are broadly modelled on similar rules currently in operation in the European Union and Norway.

1.24 Finally, Schedule 1 also amends the GST law to permit the making of regulations to provide for a modified GST registration and remittance scheme for entities making supplies that are only connected with the indirect tax zone as a result of the amendments.

## Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
<b>Supplies of services and intangibles to Australian consumers</b>	
In addition to the operation of the current law, supplies of things other than goods or real property are also connected with the indirect tax zone and therefore potentially subject to GST if the recipient of the supply: <ul style="list-style-type: none"><li>• is not registered or required to be</li></ul>	Supplies of things other than goods or real property are only connected with the indirect tax zone and therefore potentially subject to GST if: <ul style="list-style-type: none"><li>• done in Australia;</li><li>• made through an enterprise carried on in Australia; or</li></ul>

<i>New law</i>	<i>Current law</i>
<p>registered for GST (or alternatively the recipient does not make the acquisition to any extent in the course of their enterprise); and</p> <ul style="list-style-type: none"> <li>• is an Australian resident (other than only because they are a resident of one of Australia’s external territories).</li> </ul> <p>Accordingly, supplies of digital products, such as streaming or downloading of movies, music, apps, games, e-books as well as other services such as consultancy and professional services will receive similar GST treatment whether they are supplied by a local or foreign supplier.</p>	<ul style="list-style-type: none"> <li>• the thing supplied is a right or option to acquire something that is connected with the indirect tax zone.</li> </ul>
<b>GST obligation imposed on electronic distribution services</b>	
<p>In some circumstances, responsibility for GST liability that arises under the amendments may be shifted to the operator of an electronic distribution service rather than the supplier.</p> <p>This will occur if inbound intangible consumer supplies are made through an electronic distribution service.</p> <p>A supply will be an inbound intangible consumer supply if a supply is a supply of something other than goods or real property that is connected with the indirect tax zone because of these amendments.</p> <p>However, this shift in responsibility for GST liability will only apply if the electronic distribution service controls one or more key elements of the supply to the recipient. These include any of the following:</p> <ul style="list-style-type: none"> <li>• the supplier is not identified in relevant documents;</li> <li>• the operator authorises billing;</li> <li>• the operator authorises delivery of the supply; or</li> </ul>	<p>Not applicable.</p>

<i>New law</i>	<i>Current law</i>
<ul style="list-style-type: none"> <li>• the operator sets the terms and conditions of the supply.</li> </ul> <p>Although the amendments impose GST liability on the operator (rather than the actual supplier) if specific criteria are met, they do not result in any change to the amount of the GST.</p> <p>This reflects that the supply must first be connected with the indirect tax zone under the amendments and these rules determine if the supplier or the operator is liable for the GST payable.</p>	
<b>Modified GST registration and remittance scheme</b>	
<p>Simplified administrative rules will be able to be made by regulations in relation to the:</p> <ul style="list-style-type: none"> <li>• entities that are registered or required to be registered for GST purposes;</li> <li>• tax periods; and</li> <li>• GST returns;</li> </ul> <p>for entities that make supplies that are connected with the indirect tax zone because of the amendments.</p> <p>The scope of these rules is to be determined in consultation.</p> <p>However, entities will also be able to elect to have limited registration for GST which will prevent them from accessing input tax credits.</p> <p>It is expected that most of the simplified administrative rules set out in the regulations will apply only for entities that elect to apply limited registration.</p>	Not applicable.

## **Detailed explanation of new law**

### *Offshore supplies of services and intangibles to Australian consumers*

1.25 The amendments extend the scope of the GST to supplies of services and intangibles to an Australian consumer. [*Schedule 1, item 1, paragraph 9-25(5)(d) of the GST Act*]

1.26 Affected supplies include the streaming or downloading of movies, music, apps, games, e-books and other digital products as well as other services such as consultancy and professional services. As a result of the amendments, all of these supplies will receive similar GST treatment whether they are supplied by a local or foreign supplier.

1.27 An entity that is a recipient of a supply will be an Australian consumer if:

- the entity is an Australian resident (but not solely because they are a resident of the external territories where GST does not apply); and
- either:
  - the entity is not registered or required to be registered for GST; or
  - the entity does not acquire the supply to any extent for the purpose of an enterprise they carry on.

*[Schedule 1, item 3, subsection 9-25(7) of the GST Act]*

1.28 Under the existing GST law, supplies of things other than goods or real property will be connected with the indirect tax zone (the area of Australia in which GST applies) and therefore potentially subject to GST if:

- the things supplied are done in the indirect tax zone; or
- the supplies are made through an enterprise carried on by the supplier in the indirect tax zone; or
- the supplies are of rights or options to acquire another thing that would be connected with the indirect tax zone.

1.29 The amendments broaden the scope of the GST connected with the indirect tax zone rules consistent with reforms in a number of countries to extend the scope of their value added taxes to the growing area of offshore intangible supplies to consumers of those countries.

1.30 The scope of the supplies that will become subject to GST as a result of these amendments is significantly affected by rules for GST free exports and other supplies for consumption outside the indirect tax zone in Subdivision 38-E of the GST Act. This includes, in particular, section 38-190, which deals with supplies of things other than goods or real property. Among other things, this section provides for supplies

connected with property that is outside the indirect tax zone and supplies for which the effective use or enjoyment occurs outside the indirect tax zone to be GST free. These provisions mean that while some supplies that are not consumed in Australia will become connected with the indirect tax zone as a result of these amendments, the supplies will not be subject to GST as they will be GST free. The Australian Taxation Office (ATO) has provided detailed guidance on the operation of section 38-190 in several rulings.

1.31 The key concept in determining if a supply is made to an Australian consumer is determining if the entity is an Australian resident. Australian resident is currently defined in the GST law. Broadly, for individuals, the term takes its ordinary meaning. Similarly, a company will be an Australian resident if the company is incorporated in Australia or if it is effectively owned or controlled by Australian residents. Determining the residency status of other types of entities within the meaning of the GST law is more complex. The Commissioner of Taxation has also published guidance on this matter.

1.32 However, in this context, the normal scope of Australian resident is restricted. The amendments do not apply to extend GST to supplies to Australian residents which are Australian residents only because they reside in the external territories of Australia where the GST does not apply.

1.33 The other key concept is determining if an Australian resident entity is a consumer. In general, the amendments will apply to supplies that are not acquired by an entity in the course of an enterprise carried on in Australia. However, an entity will also be a consumer if it is carrying on an enterprise but is not registered or required to register for GST because its turnover is less than the GST registration threshold.

1.34 No GST liability arises under the amendments if the recipient acquires the supply as a business rather than as final consumer – ie. the entity acquires supplies in whole or part in the course of an enterprise and the entity is registered or required to be registered for GST. This reflects that there would be no net GST revenue impact from taxing such supplies as the recipient would be entitled to an input tax credit for any GST on the supplies that are solely for a creditable purpose of the entity.

1.35 However, to the extent the recipient of a supply acquires the supply for the purpose of an enterprise for which they are registered or required to be registered for GST, and the supply would not be fully creditable, Division 84 of the GST Act already broadly ensures that the recipient must pay GST on the portion of the acquisition for which an input tax credit would not be available.

### **Example 1.1 Offshore supply of streaming of video on demand**

Global Movies, a non-resident enterprise, supplies Fellini with video on demand services. The supply is not performed in Australia and Global Movies does not carry on an enterprise in Australia. Fellini is a resident of Australia and lives in Perth. Fellini does not carry on an enterprise and is not registered or required to be registered for GST purposes.

The supply made by Global Movies is connected with the indirect tax zone as a result of the amendments. This reflects that the supply is not otherwise connected with the indirect tax zone under paragraphs 9-25(a) to (c), the supply is made to Fellini who is a resident of Australia (not being resident in an external territory) and Fellini is not registered or required to be registered for GST.

#### *Reasonable belief of Australian consumer status*

1.36 In many of the cases where supplies are made to Australian consumers by foreign suppliers, the transaction will be largely automated and the foreign supplier may have only a limited capacity to investigate the residency and GST registration status of the recipient.

1.37 Recognising this, the amendments provide a safeguard for suppliers. If an entity that has the GST liability for offshore supplies of services and intangibles to Australian residents:

- takes reasonable steps to obtain information concerning whether the recipient of the supply is an Australian consumer; and
- after taking these steps, reasonably believes that the recipient is not an Australian consumer;

then the entity may treat the supply as if it had been made to a non-resident even if this is later found not to have been the case.

*[Schedule 1, item 4, section 84-100 of the GST Act]*

1.38 What steps are reasonable in gathering information, and what information is sufficient to have a reasonable belief will depend on the context of the particular supply.

1.39 It is expected that the ATO will work with affected suppliers to develop an agreed understanding of what those reasonable steps should be in a range of situations. The ATO will need to be informed by what information businesses routinely collect from their customers in the course of their normal business activities.

1.40 Australian consumers that engage in conduct such as making false declarations of their place of residence to defeat the purposes of a taxation law will commit an offence under section 8U of the *Taxation Administration Act 1953*. Further consideration is being given to ensuring that the administrative penalties for false and misleading statements apply as an alternative to this offence.

*Registration requirements*

1.41 The amendments also make two changes to the rules for determining an enterprise's GST turnover.

1.42 First, an entity's GST turnover includes, among other things, the value of the GST free supplies the entity makes that are connected with the indirect tax zone.

1.43 While this is generally appropriate, as a result of these amendments there will be a significant number of supplies made by foreign suppliers to Australian residents that are connected with the indirect tax zone that are used or enjoyed outside the indirect tax zone and therefore GST free. This would include, for example hairdressing services that an Australian resident might obtain whilst travelling overseas. The suppliers may have no involvement with the Australian GST system and in some situations will not be aware they are making a supply to an Australian resident.

1.44 Requiring such foreign suppliers to register where the only supplies they make that have a connection with Australia are provided to Australian residents when they are not in Australia and hence the supplies are GST free is unnecessary. Further, it would impose undue compliance costs on any business dealing with an Australian where the supply is fully performed outside Australia.

1.45 To address this, the amendments exclude GST free supplies from GST turnover if they are connected with the indirect tax zone as a result of these amendments. This ensures that entities will not need to register because of these GST free supplies. [*Schedule 1, items 6 and 8, subsections 188-15(3) and 188-20(3)*]

1.46 Secondly, the current rules for determining GST turnover also currently generally exclude supplies of a right or option to acquire another taxable supply.

1.47 This exclusion may give rise to inappropriate ambiguity in the context of intangible supplies to Australia consumers, as in some cases it might be arguable that the only supply made for consideration is the



supply of a right, while the subsequent underlying supply is not made for consideration and hence not subject to GST.

1.48 To ensure that this issue does not arise, the amendments modify the exclusion for supplies of rights so that a supply of a right or option to an Australian consumer will be included in GST turnover of the entity with the GST liability if the underlying supply is not a supply of goods or real property and the supply is not GST free. [*Schedule 1, items 5 and 7, paragraphs 188-15(3)(b) and 188-20(3)(b)*]

### **Example 1.2 Determining if an offshore supplier is required to register**

Frisor GmbH is a large German hairdressing company that operates from premises in Munich. It is close to a number of hostels very popular with Australian tourists.

Because of this location, Frisor supplies hairdressing services to a large number of Australian residents holidaying in Germany, with the total value of the supplies made to Australian residents in the 2018-19 financial year exceeding \$80,000.

These supplies are not supplies of goods or real property and are not obtained by the Australian resident customers in the course of enterprises that are registered or required to be registered for GST.

Accordingly, these supplies are connected with the indirect tax zone as a result of these amendments. However, there is no practical impact for Frisor. This is because the supplies of hairdressing services in Germany are GST free, as they are made to recipients who are outside Australia at the time of the supply and the effective use or enjoyment of the supply is outside Australia (see item 3 in subsection 38-190(1) of the GST Act).

In addition, the amendments ensure that these GST free supplies do not count towards Frisor's GST registration threshold. Therefore Frisor will not need to register for GST as a result of these supplies.

### ***GST obligation imposed on electronic distribution services***

#### *Electronic distribution services*

1.49 One of the key features in the use of the internet by consumers to buy goods and services has been the emergence of a number of large electronic markets and stores. In many cases, the market operator allows other entities to make supplies through the store or market to consumers, in effect providing distribution services to these suppliers.

1.50 Generally, in such cases the market operator will be a much larger and better resourced entity than most of the entities making supplies

through the market. They will also generally have significant influence over the terms of sales made using the market and either manage or closely regulate the payment process. Often, operators, rather than the suppliers will have most of the information about the recipients of supplies.

1.51 Given this, where a supply is made through such an electronic distribution service that is connected with the indirect tax zone as a result of these amendments, compliance and administration will be simplified if liability for GST rests on the market operator rather than the supplier. This reflects that electronic distribution services typically have greater knowledge about their customer base, are larger in scale and generally are better able to comply with regulatory requirements in the countries in which their distribution services are available.

1.52 On this basis, this Schedule shifts responsibility for the GST liability from a supplier to the operator of an electronic distribution service for supplies that are inbound intangible consumer supplies made through the electronic distribution service they operate. However, this will not occur if the operator has no control of any of the key elements of the supply. *[Schedule 1, item 4, section 84-55]*

1.53 The amendments do not impose any liability on an electronic distribution service unless specific requirements are met and the supply is now treated as connected with the indirect tax zone as a result of these amendments.

*Requirements to be an electronic distribution service and an inbound intangible consumer supply*

1.54 A service will be an electronic distribution service if it is a service through which supplies can be made to end users and these supplies are made and delivered by means of electronic communication within the meaning of the *Electronic Transactions Act 1999* (broadly the communication of information by means of electro-magnetic energy). *[Schedule 1, item 4, section 84-65]*

1.55 A supply will be an inbound intangible consumer supply if it is a supply of anything other than goods or real property that is not done wholly in the indirect tax zone or made through an enterprise the supplier carries on in the indirect tax zone. *[Schedule 1, item 4, section 84-60]*

1.56 As a result, supplies made by Australian resident enterprises will rarely be intangible consumer supplies as they will either be done in Australia or made through an enterprise carried on in Australia. Instead, for these supplies, the Australian supplier will be liable to GST under the existing GST rules.

*Consequences of electronic distribution service having GST liability*

1.57 While the operator of the electronic distribution service is treated as the supplier, the supply is also treated as having been made through the operator's enterprise and for the same consideration for which the supply was made by the actual supplier. This ensures that these special rules only change the entity that is liable for GST rather than changing how the supply is treated more broadly. *[Schedule 1, item 4, paragraphs 84-55(2)(b) and (c)]*

1.58 The rules treating the operator as making the inbound intangible consumer supply also do not apply when determining if the supply is made through an enterprise carried on in Australia for the purposes of working out if the supply is an inbound intangible consumer supply, to avoid circularity. *[Schedule 1, item 4, subsection 84-60(2)]*

1.59 As a result of being treated as making the supply, the operator will be liable for the GST payable on the supply and the supply will be included in their GST turnover for all purposes, including whether they are registered or required to be registered for GST. The operator will also be entitled to or liable for any adjustments that arise in relation to the supply.

*Supplies that are not inbound intangible consumer supplies for which the supplier remains liable*

1.60 However, in some circumstances even if an inbound intangible consumer supply is made through an electronic distribution service, the supplier will need to pay the GST. This will occur if the operator has no substantive involvement in making the supply and the documentation for the supply provides that the supplier is responsible for the supply and any GST payable. *[Schedule 1, item 4, section 84-50]*

1.61 To have no substantive involvement in making the supply, the operator must not:

- authorise the payment or delivery of the supply; or
- set the terms or conditions for making the supply.

1.62 For the documentation for the supply to provide that the supplier is responsible for the supply and any GST payable:

- the invoice for the supply must identify the actual supplier; and
- the contractual arrangements for both the supply and access to the electronic distribution service must clearly

identify that the actual supplier makes the supply and is liable for the GST.

*[Schedule 1, item 4, paragraphs 84-50(a) to (c)]*

1.63 These rules are broadly consistent with the models applied in the European Union and Norway. This is intended to limit any compliance cost impact on suppliers and operators as they will already need to comply with similar rules when making supplies to consumers in these countries.

### **Example 1.3 Electronic distribution service liable for supply by an app developer**

App Inspirations, an app developer based in Iceland, contracts with Zoe Distribution Service which is based in Ireland for the worldwide distribution via Zoe's internet site of its gaming app. Under the terms of the contract, Zoe Distribution Service collects payment from consumers via its internet web site and arranges delivery of App Inspiration's applications to consumers and sets out the terms and conditions of the supply which consumers must authorise.

Zoe Distribution Service as the operator of the electronic distribution service distributes some of App Inspiration's apps to Australian consumers. Zoe Distribution Service is liable to GST on the distribution of App Inspiration's apps to Australian consumers.

### ***Modified GST registration and remittance scheme***

1.64 Entities that are only required to be registered because they make inbound intangible consumer supplies are likely to have a more remote link with Australia than other entities that are required to be registered for GST. Similarly, entities that must pay GST as an operator of an electronic distribution service will have additional compliance costs in meeting the necessary requirements under the GST law.

1.65 In some cases this may result in the general GST rules for registration, tax periods and GST returns as well as the various turnover thresholds set under the GST law producing unnecessary administrative or compliance costs or otherwise not being suited to the particular circumstances of these entities.

1.66 These amendments allow for the making of regulations to modify these general rules to the extent they relate to supplies that are only connected with the indirect tax zone as a result of these amendments. Having these matters dealt with by regulations allows for the modified administrative arrangements to be settled in consultation with affected entities, to ensure that the regulations accommodate specific concerns and can be easily updated to reflect new developments. Issues that will need to be considered as part of the development of any regulations include

frequency of remittance and what, if any, registration threshold should apply. *[Schedule 1, item 4, section 84-110]*

1.67 A significant factor underlying current compliance arrangements for GST is the risk to the Commonwealth presented by unauthorised input tax credit and GST refund claims. As there will rarely be input tax credits associated with these supplies, it is intended to create a special registration regime with significantly reduced reporting but under which entities would not be entitled to input tax credits in order to minimise compliance costs.

1.68 To allow for the potential creation of such a scheme, these amendments also provide for a foreign resident entity that makes or intends to make at least one inbound intangible consumer supply in a financial year to elect to have limited registration apply for that year. *[Schedule 1, item 4, section 84-105 of the GST Act]*

1.69 This election has effect for all of the financial year. It must be made before the end of the entity's first tax period that starts in that financial year. *[Schedule 1, item 4, subsection 84-105(3) of the GST Act]*

1.70 An entity that has elected to apply limited registration cannot make creditable acquisitions in that financial year. This means that the entity will not be entitled to input tax credits for these acquisitions. *[Schedule 1, item 4, subsection 84-105(1) of the GST Act]*

1.71 Including this change to creditable status in the law will facilitate the use of the regulation making power to provide simplified registration and remittance arrangements for entities that elect to apply limited registration. It is intended that most, if not all, of the modifications to GST administrative arrangements will apply only for entities with limited registration status.

1.72 It is possible that consultation may identify that further changes to the GST law are required to provide modified administrative arrangements that minimise the compliance burden.

## **Consequential amendments**

1.73 Schedule 1 also makes a number of consequential amendments to the GST law, including guide material, to reflect the substantive amendments. *[Schedule 1, items 2, 4 and 9 to 21, the note to subsection 9-25(2), sections 84-5 and 84-95, note 2 to section 13-1, subparagraph 48-40(2)(a)(i), subsection 48-45(3), paragraphs 58-10(2)(b) and 83-5(2)(a) and sections 84-1, 84-5, 84-14 and 195-1]*

## **Application and transitional provisions**

1.74 The amendments apply to supplies that are made on or after 1 July 2017. *[Schedule 1, item 22]*

