



## **ASSISTANT TREASURER**

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**PRESS  
RELEASE**

### **RELEASE OF CONSULTATION PAPER ON IMPLEMENTATION OF REFORMS TO GST FINANCIAL SUPPLY PROVISIONS**

Assistant Treasurer, Senator Nick Sherry, today released for public consultation a paper on reforms to the goods and services tax (GST) financial supply provisions.

“The Gillard Government is committed to a simpler tax system that takes the burden off our small businesses and helps keeps costs down,” said the Assistant Treasurer.

“These changes will do just that by further reducing compliance costs for a wide range of businesses, particularly small businesses.”

“These changes will also work to protect the GST base.”

The Government announced the changes in the 2010-11 Budget and they follow Treasury’s review of the GST financial supply provisions. The consultation paper provides further information on each of the following changes:

- increasing the financial acquisitions threshold (FAT) input tax credit test from \$50,000 to \$150,000;
- simplifying the treatment of hire purchase agreements by removing the need to apply different GST treatments to different parts of the one supply;
- aligning the attribution rules for hire purchase arrangements for both cash and non-cash GST taxpayers;
- excluding bank deposit accounts from the current special rules for borrowings;
- expanding the range of expenses qualifying for a reduced input tax credit (RITC);
- preventing the provisions allowing a RITC for trustee and responsible entity services from being used to allow RITCs for all acquisitions; and
- clarifying the language and relationship between the concepts of guarantees and indemnities.

“The changes will apply from 1 July 2012 and I urge interested parties to provide feedback on the design of these financial supply measures,” said the Assistant Treasurer.

“Stakeholder feedback plays an important role in designing legislative changes and will be considered in developing legislation and explanatory material.”

The consultation paper is available at [www.treasury.gov.au](http://www.treasury.gov.au) and consultation closes on 30 August 2010.

CANBERRA

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