



GST issues registers

Detailed information about GST issues registers.

40055

Foreign Tour Operators: Deferral of Activity Statement Lodgement (December 2003 to March 2004)

GST may apply to supplies of accommodation in Australia by non-resident tour operators.

25 March 2004

The Tax Office has recently confirmed its view about how GST applies to supplies of accommodation in Australia by non-resident tour operators.

GST registered foreign tour operators need to account for GST on their supplies of rights to Australian accommodation. Some foreign tour operators have indicated that they require time to develop accounting procedures to properly account for the GST on these supplies.

The following concessions are available to foreign tour operators:

- Activity statements for the months of December 2003, January, February and March 2004 need to be lodged by 21 April 2004
- Activity statements for the December 2003 and March 2004 quarters need to be lodged by 28 April 2004.

This deferral applies only to the **lodgement** of the BAS for each of the relevant tax periods. The due dates for payments for each activity

statement remain unchanged - eg December 2003 payments are due on 21 January 2004.

Foreign tour operators may avail themselves of the deferred lodgement dates outlined without making a request to the Tax Office.

17501

Foreign Tour Operators: Guidance for BAS (Nov. 2003 onwards)

The Tax Office has recently confirmed its view about how GST applies to supplies of holiday packages.

19 December 2003

Letter to all foreign tour operators who are registered for GST

The Tax Office has recently confirmed its view about how GST applies to supplies of holiday packages. The current view is expressed in issue 44 of the Tourism and Hospitality issues log, which is a GST public ruling. Issue 44 was updated on 28 November 2003 and can be accessed on the Tax Office website. This communication provides information on how to complete *Business activity statements* from November 2003.

Some foreign tour operators (FTOs) have registered for GST in Australia so that they can obtain input tax credits for acquisitions of Australian land product from Australian suppliers. These acquisitions are typically travel packages or components of travel itineraries (including hotel accommodation, domestic transfers, tickets for entry to entertainment venues, restaurant meals, car hire and similar) that the FTO will on-supply to other foreign suppliers or to travellers.

If you have registered solely for the purpose of accessing input tax credits for your acquisitions from Australian suppliers, you may not be aware of your obligations to remit GST on taxable supplies that you make. Many FTOs have been operating in accordance with their understanding that because they do not carry on activities in Australia, they do not have an Australian GST liability when they supply Australian land product. This is not correct.

You have a GST liability for any supplies that you make of rights to accommodation that is in Australia. For example, if you supply a coupon that can be redeemed by a traveller for a night's hotel accommodation, your supply is taxable. Similarly, if you supply an all inclusive tour, the accommodation component of the package is taxable.

You are required to pay GST on your supplies of rights to accommodation in Australia. As the majority of FTO activity statements are reviewed, you should prepare your November and December 2003 activity statements as follows:

- **FTOs should lodge November 2003 activity statements relating to supplies made in November 2003 in line with the arrangements used to calculate earlier activity statement obligations. For example, this may have been on the basis of an earlier private ruling, or on the basis of previous Tax Office published advice.**
- **From 1 December 2003, all sales of accommodation situated in Australia are taxable supplies.**

This advice relates specifically to supplies of accommodation situated in Australia from November 2003 onwards.

If you require assistance you can contact a member of the GST tourism team:

Justin Lee	+61 2 9374 1125
Michael Kranitis	+61 2 9374 1391
Anne Dawson	+61 2 9374 1146

Please note that the Tax Office will be closed from 25 December to 1 January.

Yours faithfully,

Michael Hardy
Assistant Deputy Commissioner
Goods and Services Tax

17336

Inbound Tour Operators: Date of Implementation

Inbound Tour Operators: Date of Implementation information.

13 February 2004

The Tax Office recently confirmed its view about how GST applies to supplies of inbound tour holiday packages. The current view is expressed in Issue 44 of the Tourism and Hospitality Industry Partnership Issues Register.

This communication is to advise that the implementation date for the Tax Office view to supplies by Inbound Tour Operators is **1 April 2005**.

For supplies made up to 31 March 2005 refer to the 'View History' hyperlink in Issue 44 of the Tourism and Hospitality Industry Partnership Issues Register.

This update does not change the GST treatment of supplies made by Foreign Tour Operators.

17435

Inbound Tour Operators: Guidance for BAS (Nov. 2003 to Jan. 2004)

The Tax Office has recently confirmed its view about how GST applies to supplies of inbound holiday packages.

19 December 2003

The Tax Office has recently confirmed its view about how GST applies to supplies of inbound holiday packages. The current view is

expressed in issue 44 of the Tourism and Hospitality Industry Partnership Issues Register, which is a GST public ruling. This communication gives advice on the completion of November 2003, December 2003 and January 2004 *Business activity statements* (BAS).

Issue 44 was updated on 28 November 2003. It can be accessed on the Tax Office's website at ato.gov.au.

Issue44 addresses the GST treatment of supplies of package holidays by inbound tour operators to foreign tour operators. Inbound tour operators (ITOs) typically provide package holidays or tailored itineraries for destinations in Australia. The package holidays comprise things on which GST is normally payable in Australia. For example, a package can include airport transfers, hotel accommodation, car hire, other land transport, tickets for entry to cultural and entertainment venues, meals and other services.

The ITOs negotiate with land product providers, such as hotel operators, restaurateurs etc, for the supply of the required package components. The ITOs supply the holiday packages to foreign tour operators. The foreign tour operators on-sell the packages to other foreign suppliers or directly to travellers.

The ITO makes a supply to the foreign tour operators of the Australian land product. All of the requirements for a taxable supply are satisfied. No part of the supply is GST-free.

The Tax Office previously allowed ITOs to treat the arranging of the supplies as a separate supply from the provision of the land product. On that basis, the arranging service was a GST-free supply pursuant to subsection 38-190(1) item 2, while the provision of the land product was a taxable supply. Advice to this effect was published prior to the Tax Office issuing *Goods and Services Tax Ruling GSTR 2001/8* Goods and services tax: apportioning the consideration for a supply that includes taxable and non taxable parts (GSTR 2001/8). In light of GSTR 2001/8, we now consider the earlier advice to be unsustainable.

You should prepare your November 2003, December 2003 and January 2004 activity statements in line with the arrangements you used to calculate earlier activity statements. Where GST was levied on the arranging service fee for these periods, the GST on those transactions must be brought to account in the relevant activity statement.

Further advice for future activity statements will be provided shortly.

If you require assistance you can contact a member of the GST tourism team:

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Anne Dawson	(02) 9374 1146

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17335

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