AUSTRALIA – LOGIC CHANGES

AUTHORITY UPDATE GUIDE

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Introduction

This guide provides an explanation of the recent changes made to Determination for the authority of Australia, which were implemented to properly support the rules related to the place of supply of services (i.e. supplies which are not supplies of goods or real property) and which are not connected with the "indirect tax zone" of Australia or are done for the consumption outside of that zone.

According to the Australian Goods and Services Tax (GST) Act:

- i) The supplies of anything other than goods or real property are not taxable, if they are not connected with the "indirect tax zone" (Subdivision 9-5).
- ii) The supplies of anything other than goods or real property for the consumption outside the "indirect tax zone" are GST-free (Subdivision 38-190).

Considering the above, we have implemented some logic and content changes to Determination for Australia authority, which are related to tax treatment of the Transaction Type of Default Services (DS).

With accordance to the new configuration, Determination will now provide an additional "Not Liable" tax block for the seller side in case of transactions, which do not generate any tax obligations on his side.

Below are some examples of the expected results for Australia authority in respect of supply / acquisition of the Default Services.



TAX RESULTS EXAMPLES

Test 1: B2B Default Services provided by a foreign entity to the Australian Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Poland
Buyer Primary	Australia
Seller Registration	PL1234567890
Buyer Registration	ABN12123123123

NOTE: Seller Primary and Buyer Primary parameters are the only necessary locations for this transaction type.

The following image shows the tax calculation results for the foreign SELLER:



The following image shows results for the Australian BUYER:



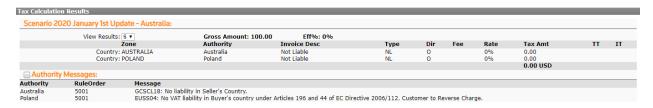


Test 2: B2B Default Services provided to a foreign entity by the Australian Seller

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Australia
Buyer Primary	Poland
Seller Registration	ABN12123123123
Buyer Registration	PL1234567890

NOTE: Seller Primary and Buyer Primary parameters are the only necessary locations for this transaction type.

The following image shows results for the Australian SELLER:



The following image shows results for the foreign BUYER:





Test 3: B2C Default Services provided to a foreign entity

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Australia
Buyer Primary	Poland
Seller's Registration	ABN12123123123

NOTE: Seller Primary parameter is the only necessary location for this transaction type.

The following image shows results for the Australian SELLER:

