



BDO Kendalls

## Media Release

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### Rulings highlight GST uncertainty

A recent spate of court decisions has highlighted uncertainty surrounding GST in Australia, BDO Kendalls indirect tax partner David Wilson said.

Mr Wilson said there had been significant developments in the interpretation and administration of GST rulings which included a series of landmark Federal Court decisions with far reaching implications.

“These decisions, together with an imminent High Court matter and the release yesterday of an important and somewhat controversial public ruling dealing with the ability to recover GST on purchases, have ushered in a bold new era of GST,” Mr Wilson said.

“In particular, the release of this foundational ruling after eight years since the GST’s introduction and the fact that it has the potential to leave many taxpayers in limbo in relation to input tax credits claimed in the past, emphasises the difficulty that taxpayers face in meeting the ever increasing levels of GST compliance expected by the Australian Tax Office (ATO).”

Mr Wilson said the release of this ruling had also necessitated amending a prior ATO public ruling that had been in place for six years.

“This raises the issue of whether taxpayers who have claimed input tax credits in the past on certain transactions have the level of protection that they think they have,” he said.

“Technically, taxpayers are protected if they have relied on the earlier public ruling as it then stood.

“But this might require them to point to documentation showing that they took into account and relied upon the ruling when they decided the GST was recoverable.

“One would hope the ATO won’t take a strict technical interpretation on this point,” Mr Wilson said.

He said it would be very interesting to see how the ATO administers this going forward.

“There is a large amount of money at stake,” he said.



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“The ruling is expressed to apply both before and after its date of issue, while the amendment to the pre-existing ruling only applies as of yesterday.”

Mr Wilson said it was significant given the amount of corporate activity in recent years.

“This has the potential to adversely affect those entities actively involved in or considering mergers and acquisitions, and other corporate development activity, whether or not such activities ever proceed,” he said.

Ends.

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### **Note to editors:**

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