



Australian Government

The Treasury

REDUCED INPUT TAX CREDITS FOR CREDIT UNIONS

SUMMARY OF CONSULTATION PROCESS

The Government announced on 8 May 2012 that it would restore access to a GST concession for some credit unions who rebrand as banks.

This measure is contained in the *A New Tax System (Goods and Services Tax) Amendment Regulation 2012 (No. 4)*, which was registered on the Federal Register of Legislative Instruments on 03 September 2012.

Consultation process

Consultation on the exposure draft regulation and its explanatory memorandum was conducted between 13 June and 27 June 2012. Two submissions were received, including one confidential submission.

The public submission can be viewed by clicking on the following link.

<http://www.treasury.gov.au/ConsultationsandReviews/Submissions/2012/Reduced-input-tax-credits-for-credit-unions/Submissions>

Summary of key issues

Issues Raised

Submissions recommended using a more specific definition of 'mutuality' rather than directing taxpayers to an ASIC Regulatory Guide.

One submission asked that the new definition of credit union be expanded to include entities that were credit unions on 1 July 2011 and retain mutuality, without the need for rebranding as an Authorised Deposit Institution.

Submissions also highlighted that the bank listed as the Cairns Penny Bank Limited has changed its name.

Submissions suggested that the explanatory material should include a list of the credit unions that were approved by the Australian Prudential Regulation Authority (APRA) at 1 July 2011 to make it easier for taxpayers to identify the relevant credit unions.

Response

The existing guidance on the definition of mutuality is considered sufficient for the purposes of the Regulation and the inclusion of a definition linked to other unrelated legislation has the potential to reduce flexibility and certainty.



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The proposal to restore the GST concession to certain credit unions was intentionally limited in scope and suggestions to broaden the scope further is beyond the Government's intention and would potentially add to the complexity of this Regulation.

The Regulation has been updated to reflect the change of 'Cairns Penny Bank Limited' to 'Cairns Penny Savings & Loans Limited'.

Further, a list of the credit unions that were on the APRA website at 1 July 2011 has been attached to the Explanatory Statement.

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au. Alternatively, you can contact Rob Dalla-Costa on (02) 6263 3328.

Thank you to all participants in the consultation process.