

GST INFORMATION NOTE FOR NEM REGISTRATION APPLICANTS

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IMPORTANT NOTICE

Purpose

This document provides limited information for registration applicants about the application and administration of the GST to National Electricity Market transactions, current as at the date of publication.

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VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
1.0	November 2009	Initial version
2.0	May 2019	Update to AEMO format and complete review

GST INFORMATION NOTE FOR REGISTRATION APPLICANTS

Administration of the Goods and Service Tax (GST) in the National Electricity Market (NEM)

GST is applied to most National Electricity Market (NEM) transactions, although NEM spot and ancillary services prices are published exclusive of GST.¹ A detailed paper on the administration of the GST in the NEM, "Application of the GST to NEM Transactions" is available on AEMO's website. Finance staff of applicant organisations should familiarise themselves with the detailed information in that paper.

This information note is intended to explain, for applicants wishing to be registered as NEM Market Participants, the requirement to provide your organisation's written agreement to AEMO issuing Recipient Created Tax Invoices for NEM transactions.

The Tax Invoice is the primary document to support claims made to the Australian Tax Office for input tax credits. AEMO trades as a principal in the NEM. This means that AEMO purchases energy, ancillary services and other services from participants providing energy, market network services and ancillary services, and then acts as the seller of those energy amounts and services to the participants who are required to purchase them from the NEM.

It follows that AEMO should issue a Tax Invoice for taxable supplies made by AEMO to Market Participants who purchase energy and services from the NEM.

However, it is generally not workable for Market Participants who make taxable supplies of energy and services to AEMO to issue Tax Invoices for those supplies. This is because AEMO's systems determine the prices, volumes and trading amounts for those supplies. For practical purposes therefore, AEMO will issue Recipient Created Tax Invoices.

Goods and Services Tax Ruling (GSTR) 2000/10 Paragraph 8 identifies circumstances relevant to the NEM where invoices may be created by the recipient of supplies:

- (a) the value of the supply is established by the recipient rather than by the supplier, and
- (b) (iii) the supplies are arranged and recorded using electronic purchasing systems operated by the recipients (to require a tax invoice to be issued by the supplier would detract from the effectiveness of these systems).

The legislation requires that a written agreement be in place between the parties to any transaction before an RCTI can be issued for that transaction. The points to be agreed are set out in paragraph 13(e) of GSTR 2000/10 and have been reflected in AEMO's form of Agreement For The Issue of Recipient Created Tax Invoices.

Applicants for registration as Market Participants are required to execute and return this agreement in accordance with the instructions provided. Note this requirement also applies to Market Customer applicants to cover the possibility that future settlement may identify a taxable supply by the Market Customer to AEMO.

¹ As are prices for any other taxable supplies in the NEM. GST at the applicable rate is added at the time of invoicing.