



EXPOSURE DRAFT - FOR COMMENT AND DISCUSSION ONLY

Deadline for comment: **dd/mm/yyyy**

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QUESTIONS WE'VE BEEN ASKED > GENERAL ISSUES

GST – The purchase of bloodstock by a horse racing syndicate

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This Question We've Been Asked clarifies whether the acquisition of bloodstock involves one composite supply or multiple separate supplies.

Key provisions

Goods and Services Tax Act 1985 – s 24

This Questions We've Been Asked should be read in conjunction with Interpretation Statement *IS 18/04 GST – Single Supply or Multiple Supplies*

Question

Where a horse is acquired by a horse racing syndicate, is the vendor able to issue an invoice to each syndicate member that recognises their individual share in the syndicate, or must only one invoice be issued in the name of the syndicate?

Answer

Multiple invoices cannot be issued. There is only one taxable supply, being the horse in its entirety to the syndicate. Therefore, only one tax invoice can be issued. As the syndicate is the recipient of the supply of the horse, the tax invoice must be made out to the syndicate.

To issue more than one tax invoice in this circumstance is unlawful.

Key terms

“Bloodstock” is defined as a horse that is a member of the thoroughbred or standardbred breed of horse and includes a share or interest in in such a horse.

Explanation

1. Although the definition of bloodstock includes a share or interest in a horse, it is usual for purchasers to acquire an entire horse, rather than a share. Although the purchaser may be a partnership or syndicate that has more than one member, the vendor is usually selling (and therefore the purchaser is acquiring) a horse in its entirety.
2. Interpretation statement *IS 18/04 GST – Single Supply or Multiple Supplies* provides the Commissioner’s view on determining whether the acquisition of a good is made up of one composite supply or multiple separate supplies. In making this determination, the vendor needs consider the following three questions:

What is the true and substantial nature of the supply to the recipient?

What are the relationships between the elements supplied?

Is it reasonable to sever the supply into separate elements?

What is the true and substantial nature of the supply to the recipient?

3. The first question requires the vendor to identify the essential features of the arrangement *from the recipient's perspective*. This is because the statutory scheme of our GST law is directed to contractual arrangements between the supplier and the recipient of the supply.
4. This question refers objectively to what the recipient paid for and acquired; what the recipient was supplied with. In this case, the recipient is the syndicate rather than the individual members. The vendor has supplied a single horse and that is what the purchaser acquired; the syndicate acquired the one horse. The vendor did not sell separate interests in a horse to individual syndicate members.

What are the relationships between the elements supplied?

5. This question looks to the number of elements involved in the supply; are there more than one? In this case there is only one supply. The syndicate has entered into an agreement to purchase a good, being the horse in its entirety. The syndicate is not purchasing separate interests in the animal and that is not what the vendor is supplying.

Is it reasonable to sever the supply into separate elements?

6. In this instance the syndicate purchased a good; being a horse. Factually this is a single supply. There are no separate elements to the supply that are capable of being considered, from either the supplier's or the recipient's perspective.
7. If a vendor were to offer for sale a share in a horse, then the same analysis as has been undertaken above would lead to the conclusion that the acquisition of that share was, like the acquisition of an entire horse, a single supply.

Invoicing requirements

8. Where, as in this instance, there is only a single supply, s 24(1)(a) of the Goods and Services Tax Act 1985 (GSTA) clearly states that "it shall not be lawful to issue more than 1 tax invoice for each taxable supply."
9. Section 24 of the GSTA and in particular subsection 24(3) of that Act, sets out what needs to be contained in that tax invoice. This includes the name and address of the recipient, the date upon which the tax invoice was issued, a description of the goods or services supplied, the quantity or volume supplied, and the consideration for the supply (including the amount of tax charged).

References

Legislative References

Goods and Services Tax Act 1985 – s 24

About this document

Questions We've Been Asked (QWBAs) are issued by the Tax Counsel Office. QWBAs answer specific tax questions we have been asked that may be of general interest to taxpayers. While they set out the Commissioner's considered views, QWBAs are not binding on the Commissioner. However, taxpayers can generally rely on them in determining their tax affairs. See further [Status of Commissioner's advice](#) (December 2012). It is important to note that a general similarity between a taxpayer's circumstances and an example in a QWBA will not necessarily lead to the same tax result. Each case must be considered on its own facts.