client alert | explanatory memorandum

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CURRENCY:

This issue of **Client Alert** takes into account developments up to and including 23 June 2017.

Tax cut for small businesses: ATO will amend returns

For the 2016–2017 income year, the company tax rate for small businesses decreases to 27.5%. Companies with turnover of less than $10 million are eligible for this rate. The maximum franking credit that can be allocated to a frankable distribution has also been reduced to 27.5% for these companies.

The reduced company tax rate of 27.5% will progressively apply to companies with turnover of less than $50 million by the 2018–2019 income year. The ATO says if a company lodged its 2016-17 company tax return early, and its turnover is less than $2 million, it will amend the return and apply the lower tax rate.

If the company's turnover is from $2 million to less than $10 million, the company will need to review its return and lodge an amendment if required.

2016–2017 tax rate change and over-franking

Legislation has now passed to apply a 27.5% corporate tax rate from 1 July 2016 for small business entities (SBEs) with aggregated turnover of under $10 million. The legislation also introduced a new formula for determining the maximum franking credit entitlement for a frankable distribution, which is generally based on the company's corporate tax rate for the income year.

Draft Practical Compliance Guideline PCG 2017/D7 notes that if an SBE fully franked a 2016–2017 distribution before 19 May 2017, the amount of the franking credit on members' distribution statements may be incorrect if it was based on the 30% corporate tax rate.

The draft guideline sets out a practical compliance approach that affected entities may use to inform members of the correct franking credit attached to their distributions, as an alternative to requesting ATO permission to amend the distribution statement. Affected entities are corporate tax entities that paid a fully franked (or close to fully franked) distribution at the 30% rate between 1 July 2016 (for normal balancers) and 18 May 2017, where the distribution was over-franked because of the newly reduced 27.5% tax rate.

When the draft guideline is finalised, it will apply from the first day of an entity's 2016–2017 income year (that is, 1 July 2016 for 30 June balancers).

Written notice informing members

The draft guideline allows affected entities to advise members in writing of their correct franking credit for the 2016–2017 income year without re-issuing the distribution statement. The written notice should contain the following details:

- the name of the entity making the distribution and the member's name;
- the amount of the distribution and the date it was made;
- the fact that the initial distribution statement was incorrect;
- the revised amount of franking credit allocated to the distribution, rounded to the nearest cent;
- the franking percentage for the distribution, worked out to two decimal places; and
- the amount of any withholding tax deducted from the distribution.

The notice can be provided electronically. Members must then use the notice to correctly report on their 2016–2017 tax return.

No administrative penalties

The draft guideline indicates that affected entities will not be penalised for an initial incorrect 2016–2017 statement if they give each member either:

- written notice clearly showing the correct amount of the franking credit; or

- a new distribution statement (after receiving ATO permission to amend the statement).

Instant asset write-off extended for small business entities

The *Treasury Laws Amendment (Accelerated Depreciation For Small Business Entities) Act 2017* extends the period during which small business entities (SBEs) can access accelerated depreciation. The extension is for 12 months, ending on 30 June 2018.

SBEs will be able to can claim an immediate deduction for depreciating assets that cost less than $20,000, provided the asset is first acquired at or after 12 May 2015, and first used or installed ready for use on or before 30 June 2018. Depreciating assets that do not meet these timing requirements will continue to be subject to the $1,000 threshold.

SBEs will be able to claim an immediate deduction for depreciating assets that cost less than $1,000 if the asset is first used or installed ready for use on or after 1 July 2018.

Second element of cost of depreciating assets

SBEs will be able to claim a deduction for an amount included in the second element of the cost of depreciating assets that are first used or installed ready for use in a previous income year. The total amount of the cost must be less than $20,000 and the cost must be incurred on or after on 12 May 2015 and on or before 30 June 2018. Costs that are incurred outside of these times will continue to be subject to the $1,000 threshold.

SBEs will be able to claim a deduction for an amount included in the second element of the cost of depreciating assets that are first used or installed ready for use in a previous income year, where the amount is less than $1,000 and the cost is incurred on or after 1 July 2018.

Extension of deduction for low pool values

From 12 May 2015, assets that cost $20,000 or more, and costs of $20,000 or more relating to depreciating assets, can be allocated to an SBE's general pool and deducted at a specified rate for the depletion of the pool. This does not change.

Assets and costs allocated to a general pool are deducted at a rate of 15% in the year they are allocated and a rate of 30% in subsequent income years.

If the balance of an SBE's general pool is less than $20,000 at the end of an income year, it can claim a deduction for the entire balance of the pool. The income year must end on or before 30 June 2018 (rather than the previously stipulated 30 June 2017).

If the balance of an SBE's general pool is less than $1,000 at the end of an income year that ends after 30 June 2018 (instead of the previously stipulated 30 June 2017), it can claim a deduction for the entire balance of the pool.

Deferral of five-year "lock-out" rule

The increased threshold that applies until 30 June 2018 will apply to all SBEs, including those subject to the five-year lock-out rule in that period due to the entity previously opting out of the SBE capital allowance provisions.

For the purposes of applying the lock-out rule to an income year after 30 June 2018, only the choice made in the last income year ending on or before 30 June 2018 will be relevant.

ATO update on Manage ABN Connections

Manage ABN Connections is a new way for businesses to access government online services using their myGov login. The ATO says it is a secure login alternative to an AUSkey when accessing the Business Portal and other government online services, and can be used from mobile devices.

The ATO says feedback from tax professionals identified that further work is required to meet their needs. The ATO advised that the myGov login is therefore not currently available to access the Tax or BAS Agent Portals.

If a tax agent's client already has a myGov account linked to the ATO, Centrelink or Medicare, they can now use Manage ABN Connections to access government online business services. If the client doesn't have a myGov account, the ATO says they will need to create one and link to the ATO, Centrelink or Medicare before they can set-up their ABN connection.

If a tax agent's client creates a myGov account and links to the ATO, tax agents should be aware that they will receive most of their personal ATO mail (and business ATO mail, if they are a sole trader) through their myGov inbox. The ATO says tax agents will still be able to access any correspondence the ATO sends to their client's myGov inbox via the client communication list in the portal. If the client does not want to receive their ATO mail through their myGov inbox, the ATO says they should link to Centrelink or Medicare, not the ATO.

Work-related deductions denied: lack of documenting evidence

A pipe fitter has been denied deductions by the Administrative Appeals Tribunal (AAT) for work-related expenses: *Re Hamilton and FCT* [2017] AATA 734.

The expenses fell into three categories:

- tool expenses ($945) – although his employer provided tools, the taxpayer said he also used his own tools;
- mobile phone expenses ($519) – although mobile phones were banned from the work site, the taxpayer said he used his phone to communicate with work groups and supervisors and arrange tools, cranes and transport (the ATO allowed a $50 deduction for "minor use"); and
- overtime meal expenses ($3,110) – the taxpayer was paid a meal allowance of $10.20 per day, but he claimed an average of $27 per day (the ATO allowed a deduction of $10.20 per day).

The AAT disallowed the claims because the taxpayer was unable to produce adequate documentary evidence:

- tool expenses – the only documentary evidence produced were credit card statements showing charges incurred at a hardware shop, but there was no evidence to show what the charges were for (and the taxpayer failed to produce any receipts);
- mobile phone expenses – the only documentary evidence produced were Telstra accounts, but they did not show where calls were made from, the time they were made or their duration; and
- overtime meal expenses – the taxpayer did not produce any receipts and could not rely on the substantiation exception in s 900-60 of the *Income Tax Assessment Act 1997* to claim the difference between the amount of the allowance and the amount claimed.

Super reforms: changes to TRIS, CGT relief, pension cap and LRBA integrity rules

The *Treasury Laws Amendment (2017 Measures No 2) Act 2017* makes a range of technical amendments to the super reform legislation.

TRIS rules for becoming retirement phase pension

The amendments deem a transition-to-retirement income stream (TRIS) to be in retirement phase where the recipient of the income stream has satisfied a condition of release with a nil cashing restriction (eg retirement or attaining age 65). This means that a TRIS will stop being a pension (subject to 15% tax on fund earnings from 1 July 2017) and become a retirement phase superannuation income stream that qualifies for the earnings tax exemption once the recipient notifies the fund that a nil condition of release under the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regs) has been satisfied.

Except for attaining age 65, the individual will be responsible for notifying the fund of a nil condition of release (such as retirement, permanent incapacity or a terminal medical condition). The fund will be entitled to the earnings tax exemption from the time it is notified.

Under the super reform legislation, a superannuation income stream must be in the "retirement phase" from 1 July 2017 in order for the fund to claim an earnings tax exemption for the assets used to meet pension liabilities. A TRIS is specifically deemed not to be in retirement phase. As such, from 1 July 2017, a fund will not qualify to access the exempt current pension income (ECPI) provisions in relation to TRIS obligations.

The amendments will mean that a recipient of a TRIS will not need to commute and rollover their TRIS benefits to a replacement superannuation income stream to access the earnings tax exemption when the TRIS recipient later satisfies a condition of release with a nil cashing restriction. To avoid individuals having to restructure their TRIS interests to convert them into a retirement phase superannuation income stream, the amendments to s 307-80(3) of the *Income Tax Assessment Act 1997* (ITAA 1997) will deem a TRIS to enter retirement phase when the recipient notifies the fund that a nil condition of release has been satisfied.

CGT relief for TRIS assets

The period in which an asset supporting a TRIS can cease to be a segregated current pension asset of a fund and still qualify for CGT relief will be extended to include the start of 1 July 2017. This change will ensure that the CGT relief applies as intended to segregated assets that support TRISs prior to the TRIS changes coming into effect. Extending the period to the start of 1 July 2017 seeks to recognise that the change for TRISs will apply from 1 July 2017 without any action being taken by the holder of the TRIS or the entity that provides it.

Pension balance credit for LRBA repayments

The Act provides that an additional pension transfer balance credit will arise for certain repayments of a limited recourse borrowing arrangement (LRBA) by a self-managed superannuation fund (SMSF) that shifts value between an accumulation phase interest to a retirement phase superannuation income stream interest in the fund: new s 294-55 of ITAA 1997. The amount of the credit will be equal to the increase in the value of the retirement phase interest. The credit will arise at the time of the repayment.

The measure is aimed at concerns about the ability of SMSF members to potentially use LRBAs to effectively transfer the growth in fund assets to the retirement phase, which would not currently be captured by the $1.6 million pension cap regime.

It is important to note that if the repayment by the fund is sourced from assets supporting the same retirement phase interest it will not result in a transfer balance credit as the LRBA reduction is naturally offset by a corresponding reduction in cash. However, if the repayment is sourced from other assets (eg assets that support a separate accumulation interest in the fund), there will be no offsetting decrease in the value of the retirement phase superannuation interest, meaning that a transfer balance credit is required for the increase pension interest by the repayment.

To determine whether a transfer balance credit has arisen, trustees will need to identify the source of any payments in respect of an LRBA that is supporting a retirement phase income stream. To the extent that such payments are sourced from other assets, a transfer balance credit will arise. It is not necessary to determine the total value of a particular super interest supporting an income stream in order to calculate the amount of a transfer balance credit for the repayment of a related LRBA. All that is relevant is the amount of the increase in the value of the interest, which can be determined by reference to the amount of the payment that is sourced from assets supporting accumulation phase interests.

Example

Bob is 65 and is the only member of his SMSF. Bob's superannuation interests are valued at $3 million and are based on cash that the SMSF holds.

Bob's SMSF acquires a $1.5 million property. This property is purchased after 1 July 2017 using $500,000 of the SMSF's cash and an additional $1 million that it borrows through an LRBA. Bob then commences an account-based income stream.

The superannuation interest that supports this income stream is backed by the property, the net value of which is $500,000 (being $1.5 million less the $1 million liability under the LRBA). Bob therefore receives a transfer balance credit of $500,000.

Bob's SMSF makes monthly repayments of $10,000. Half of each repayment is made using the rental income generated from the property. The other half of each repayment is made using cash that supports Bob's other accumulation interests. At the time of each repayment, Bob receives a transfer balance credit of $5,000, representing the increase in value of the superannuation interest that supports his income stream. The repayments that are sourced from the rental income that the SMSF receives do not give rise to a transfer balance credit because they do not result in a net increase in the value of the superannuation interest that supports his income stream.

The LRBA integrity measure will only apply prospectively in relation to borrowings entered into on or after 1 July 2017. Importantly, a transitional provision ensures that it will not apply to the re-financing of an existing pre-July 2017 borrowing. However, to qualify for this exemption, the re-financing arrangement must apply to the same asset and the re-financed amount must not be greater than the outstanding balance on the LRBA just before the re-financing.

Pension transfer balance cap

The Act also makes the following changes to the $1.6 million pension transfer balance cap provisions:

- enables additional transfer balance credits and transfer balance debits to be prescribed by regulation. For example, special credit and debit rules are likely to be required for the new "innovative income stream products" that are currently being developed;
- clarifies the matters covered by the assumption about compliance with pension or annuity rules and for which the consequences of not complying with a commutation authority are disregarded;
- enables the correct value for a debit that arises for failures to comply with rules and standards to be calculated for a failure that occurs part-way through an income year;
- provides an alternative debit where the proceeds of structured settlements were contributed into superannuation prior to 1 July 2017;
- amends the rules for the part-year defined benefit income cap so that they only apply where an individual is first entitled to concessional tax treatment in respect of defined benefit income; and

- brings forward the application of the rules about the transfer of assets by life insurance companies to facilitate those companies accounting for and rebalancing their assets in anticipation of the transfer balance cap applying from 1 July 2017.

SMSF annual return: key changes for 2016–2017

The ATO has released the 2017 self-managed superannuation fund (SMSF) annual return and instructions. Key changes for 2017 include the transitional CGT relief for super funds as part of the 1 July 2017 reforms, reporting on limited recourse borrowing arrangements (LRBAs) and early stage investor tax incentives.

CGT relief for super reforms

The instructions note that transitional CGT relief is available for SMSFs to provide relief from certain capital gains that might result from individuals complying with the transfer balance cap and transition-to-retirement income stream (TRIS) reforms, which commence on 1 July 2017. This CGT relief is not automatic and must be chosen by a trustee for a CGT asset. It applies on an asset-by-asset basis to assets held at all times between the start of 9 November 2016 to just before 1 July 2017.

If CGT relief is chosen, the trustee will need to advise the ATO in the approved form (the CGT schedule). The CGT schedule must be received by the ATO on or before the day the SMSF is required to lodge its 2017 SMSF annual return. A choice to apply CGT relief is irrevocable. Item 8 of the CGT schedule asks whether the fund has chosen to apply the transitional CGT relief for superannuation funds. The notional capital gain amount deferred must be listed at label G.

LRBAs and early stage investors

Additional questions have also been added to the SMSF annual return about the use of LRBAs and additional borrowings. If a fund reports LRBA assets, details are required about the financing arrangements, such as whether finance was obtained from a licensed financial institution and whether the member or related parties of the fund used personal guarantees and other security for the LRBA. The SMSF return also requires additional information from SMSF investors who may be eligible for tax incentives and modified CGT treatment for investments in a qualifying early stage innovation company from 1 July 2016.

SMSFs: pre-1 July 2017 commutation of death benefit income streams

Practical Compliance Guideline PCG 2017/6 sets out a practical administrative approach to help SMSFs comply with the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regs) if they have received a superannuation lump sum resulting from the pre-1 July 2017 commutation and roll-over of a death benefit income stream.

The ATO is aware that industry participants have inferred (from TD 2013/13) that s 307-5(3) of the *Income Tax Assessment Act 1997* (ITAA 1997) provides a mechanism for a deceased member's spouse to roll over a death benefit income stream and retain the amounts as her/his own superannuation interest, without needing to immediately cash out that benefit. This has resulted in a number of death benefit income streams being commuted, rolled over and treated as the spouse's own superannuation interest, with the amounts becoming mixed with the spouse's other superannuation interests and/or remaining in the accumulation phase. However, the ATO's view is that rolling over a death benefit income stream does not change a superannuation provider's obligation to cash the deceased member's interest as soon as practicable (as a superannuation lump sum and/or a death benefit income stream).

The Guideline acknowledges that funds would face significant practical difficulties (in tracing, valuing and then cashing death benefits) if they were required to apply the Commissioner's position. Accordingly, the Guideline advises that the ATO will not apply compliance resources to review whether an SMSF has complied with the compulsory cashing requirements relating to a death benefit (as set out in reg 6.21 of the SIS Regs) if all of the following requirements are satisfied:

- the SMSF member was the deceased's spouse at the date of death;
- the commutation and roll-over of the death benefit income stream occurred before 1 July 2017; and
- the superannuation lump sum paid from the commutation is a member benefit for income tax purposes because it satisfies s 307-5(3) of ITAA 1997.

Single Touch Payroll operative for early adopters

Single Touch Payroll (STP) is here. It had a "soft" or voluntary start on 1 July 2017. From that date, employers may choose to report under STP. For those who qualify (ie employers with 20 or more employees), STP will be mandatory from 1 July 2018.

For employers with 19 or fewer employees on 1 April 2018, their reporting obligations will not change. They will not need to start reporting through STP from 1 July 2018, but may choose to start using a payroll solution to take advantage of the benefits of STP reporting.

STP will automatically provide payroll and superannuation information to the ATO at the time it is created. Reporting through STP means that when employers complete their normal payroll process, their employees' PAYG withholding and super guarantee information will be sent to the ATO directly from their payroll solution. If an employer reports to the ATO through STP, its employees will be able to see more of their tax and super information online through myGov.

Entities that report under STP are able to obtain relief from obligations to provide payment summaries to individuals and a payment summary annual report to the Commissioner.

The ATO says it is working with payroll solution providers to ensure their products are ready for STP reporting.

"Netflix" tax: who is an Australian consumer?

From 1 July 2017, the supply of services, digital products or rights are connected with Australia (and so potentially liable to GST) if made to an Australian consumer by an overseas-based supplier. This is referred to as the digital import or "Netflix tax" rules.

GST Ruling GSTR 2017/1 explains how overseas suppliers can decide whether a recipient of a supply is an Australian consumer. It explains what evidence suppliers should have, or what steps they should take to collect evidence, in establishing whether or not the supply is made to an Australian consumer.

Meaning of "Australian consumer"

Two limbs must be satisfied for an entity to qualify as an Australian consumer. First, an entity must be an Australian resident for income tax purposes (although there is an exception for residents of external territories). This is referred to in the Ruling as the "residency element". Second, the recipient must not be registered for GST or, if registered, not acquire the supply solely or partly for its enterprise. This second limb is referred to as the "consumer element".

Overseas suppliers can treat the supply as having not been made to an Australian consumer (and so not liable for GST) if they:

- satisfy particular evidentiary requirements; and
- reasonably believe that the recipient is not an Australian consumer.

An overseas supplier can satisfy the evidentiary requirements by using either the supplier's usual business systems and processes (the business systems approach) or by using what the Ruling terms the "reasonable steps" approach (ie where the supplier has taken steps to obtain information about whether the recipient is an Australian consumer).

The reasonable belief requirement can be based on a belief that the recipient does not satisfy either the residency element or the consumer element.

Residency element

The ATO's view on the meaning of "non-resident" for GST purposes is set out in GST Ruling GSTR 2004/7. Although that ruling considers the definition of non-resident for the purposes of the GST export rules, GSTR 2017/1 states that the ATO will adopt it for the purposes of the Netflix tax.

In terms of the business systems approach for evidentiary requirements, GSTR 2017/1 provides the following examples of information that the ATO will accept to support a conclusion as to whether the recipient satisfies the residency element:

- the recipient's billing or mailing address;
- the recipient's banking or credit card details, including the location of the bank or credit card issuer;
- location-related data from third-party payment intermediaries;
- mobile phone SIM or landline country code;
- the recipient's country selection;
- tracking/geolocation software;
- the internet protocol (IP) address;
- the recipient's place of establishment (for non-individuals);
- representations and warranties given by the recipient;
- the origin of correspondence; and
- locations, such as a wi-fi spot, where the recipient's physical presence at the location is needed.

In terms of the reasonable steps approach for evidentiary requirements, GSTR 2017/1 lists the following relevant circumstances:

- the level of interaction the supplier has with the recipient in making the supply or in maintaining the commercial relationship;
- the type of personal information that a recipient will usually share, or usually be willing to share, with the supplier in the course of making a supply or in maintaining the commercial relationship, taking into account the type of supply, its value and the nature of the commercial relationship between the parties;
- the difficulty and costs involved for the supplier in taking steps to obtain information about whether the recipient is an Australian consumer; and
- the expected reliability of the information.

The ATO will also accept that the evidentiary and reasonable belief requirements have been satisfied if an overseas-based supplier sets up its systems to comply with the requirements of an overseas jurisdiction and such systems indicate that the recipient's residency is outside Australia. This applies to suppliers operating in countries from the European Union, as well as New Zealand and Norway.

GSTR 2017/1 also examines what should be done if there is inconsistent evidence or other uncertainty. It provides many examples to illustrate the Commissioner's views.

Consumer element

GSTR 2017/1 states that specific evidence is needed to establish a reasonable belief that the recipient does not satisfy the consumer element. This evidence is the recipient's ABN and a declaration or statement indicating that the recipient is GST-registered. The ATO expects the supplier to take reasonable steps to ensure that the ABN is likely to be valid and belong to the customer. These steps may include:

- using ABN Lookup or the ABN Lookup tool;
- ensuring the ABN provided is in the correct format; and
- ensuring there are no duplicate ABN entries for different recipients.

New draft GST guidelines issued

Supplies through electronic distribution platforms

Draft Law Companion Guideline LCG 2017/D4 (the Draft) deals with how the ATO intends to apply the Netflix and low-value imported goods measures to supplies made through electronic distribution platforms (EDPs).

The draft guidance sets out a four-step approach for determining whether an EDP operator is responsible for GST.

Step 1: Work out whether the supply is made though a service which is an EDP, such as a website, internet portal, gateway store or online marketplace. The Draft provides that a service will qualify as an EDP if it is delivered via electronic communication and enables entities to make supplies available to end users. The mere provision of a carriage service, access to a payment system or the processing of payments, or face value vouchers that are taxed on redemption or expiry, will not be an EDP.

Step 2: Determine whether the supply is subject to the EDP rules. A supply of a digital service or a digital product to an inbound intangible consumer will automatically be subject to the EDP rules (and can be subject to the rules by agreement in other situations). An offshore supply of low-value goods will also be subject to the rules, unless the supply is connected with Australia because the goods are sourced within Australia or the merchant is the importer.

Step 3: Ascertain whether any exclusions apply, in which case the merchant will be responsible for GST, not the EDP operator.

Step 4: Work out who will be responsible for GST if multiple EDPs are involved. A written agreement between EDP operators may determine responsibility. The Draft notes that the Commissioner can, by legislative instrument, prescribe additional rules to determine responsibility for GST and invites submissions on the matter. In the absence of a written agreement and any legislative instrument, the operator responsible for the GST will be the first of the EDP operators to receive or authorise the charging of any consideration for the supply. If no entity meets this criterion, the responsible operator will be the first to authorise the delivery of the supply.

Redeliverers and supplies of low-value imported goods

Draft Law Companion Guideline LCG 2017/D5 explains the measures in the *Treasury Laws Amendment (GST Low Value Goods) Bill 2017* (awaiting assent) that will make redeliverers responsible for GST on offshore supplies of low-value goods from 1 July 2018.

The Bill imposes GST on supplies of imported low-value goods, ie those worth less than A$1,000. Under the reforms, a redeliverer will be treated as the supplier if low-value goods are delivered outside Australia as part of the supply and the redeliverer assists with their delivery into Australia as part of, broadly, a shopping or mailbox service that it provides under an arrangement with the consumer.

The draft guidance seeks to clarify three matters: (i) the meaning of “redeliverer”; (ii) when a redeliverer will be responsible for GST under the amendments; and (iii) who will be responsible for GST where multiple deliverers are involved in an arrangement to bring low-value goods to Australia.

A redeliverer is an entity that assists in bringing goods to Australia through the provision of either:

- an offshore mailbox service, where it provides or assists in providing the use of an overseas address to which goods are delivered; or
- a personal shopping service, where it purchases or assists in buying goods outside Australia as the agent of a recipient.

Transporters, freight forwarders and merchants are not redeliverers. Importantly, the ATO accepts that overseas relatives or friends who assist in purchasing low-value goods, or arranging for the goods to be sent to Australia, are not typically redeliverers as they are not carrying on an enterprise.

LCG 2017/D5 states that if a merchant or EDP operator assists in bringing the goods to Australia, the redeliverer will not be responsible for GST on the offshore supply. This is because the redeliverer is last in the hierarchy of entities that can be responsible for GST under the amendments. Where there are multiple redeliverers (eg a redeliverer hires another entity to purchase the goods as an agent of the customer), hierarchy rules will apply to ensure that only one entity is responsible for the GST.

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