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| **EXPOSURE DRAFT** |

Inserts for

Treasury Laws Amendment (Measures for Consultation) Bill 2022: Taxation treatment of digital currency

| Commencement information | | |
| --- | --- | --- |
| Column 1 | Column 2 | Column 3 |
| Provisions | Commencement | Date/Details |
| 1. Schedule 1 | The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent. |  |
| 2. |  |  |

Note: The provisions of the *A New Tax System (Goods and Services Tax) Regulations 2019* amended or inserted by this Act, and any other provisions of that instrument, may be amended or repealed by regulations made under the *A New Tax System (Goods and Services Tax) Act 1999* (see subsection 13(5) of the *Legislation Act 2003*).

Schedule 1—Taxation treatment of digital currency

Part 1—Main amendments

A New Tax System (Goods and Services Tax) Act 1999

1 Section 195‑1 (paragraph (d) of the definition of *digital currency*)

Repeal the paragraph, substitute:

(d) either:

(i) are not denominated in any country’s currency; or

(ii) are denominated in a currency that is not issued by, or under the authority of, an \*Australian government agency or a foreign government agency (within the meaning of the *Income Tax Assessment Act 1997)*; and

2 Section 195‑1 (definition of *digital currency*)

Omit all the words after paragraph (f), substitute:

but does not include a thing that, if supplied, would be a \*financial supply for a reason other than being a supply of one or more digital units of value to which paragraphs (a) to (f) apply.

3 Section 195‑1 (at the end of the definition of *money*)

Add:

; or (j) \*digital currency.

A New Tax System (Goods and Services Tax) Regulations 2019

4 Subsection 40‑5.09(3) (table item 9)

Omit “the currency of a foreign country”, substitute “foreign currency”.

5 Section 40‑5.12 (table item 17)

Repeal the item, substitute:

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| 17 | (a) Australian currency, or foreign currency, the market value of which exceeds its stated value as legal tender; or  (b) an agreement to buy or sell currency to which paragraph (a) applies |

6 Subsection 70‑5.02(1) (table item 21, paragraph (a))

Omit “the currency of a foreign country”, substitute “foreign currency”.

7 Subsection 70‑5.02(1) (table item 21, paragraph (a))

Omit “the currency” (second occurring), substitute “foreign currency”.

8 Subsection 70‑5.02(1) (table item 22, paragraph (b))

Omit “the currency of a foreign country”, substitute “foreign currency”.

9 Subsection 70‑5.02(1) (table item 22, paragraph (b))

Omit “the currency” (second occurring), substitute “foreign currency”.

10 Section 196‑1.01

Insert:

***foreign currency*** means a currency other than:

(a) Australian currency; or

(b) currency that consists of digital units of value to which paragraphs (a) to (f) of the definition of ***digital currency*** in section 195‑1 of the Act apply.

Income Tax Assessment Act 1997

11 Subsection 995‑1(1)

Insert:

***digital currency*** has the same meaning as in the \*GST Act.

12 Subsection 995‑1(1) (definition of *foreign currency*)

Repeal the definition, substitute:

***foreign currency*** means a currency other than:

(a) Australian currency; or

(b) \*digital currency; or

(c) anything prescribed by the regulations for the purposes of this paragraph.

Part 2—Application of amendments

A New Tax System (Goods and Services Tax) Regulations 2019

13 In the appropriate position in Chapter 7

Insert:

Part 7‑3—Matters relating to the Treasury Laws Amendment (Measures for Consultation) Act 2022

Division 225—Application of amendments

225‑1.01 Application of amendments

The amendments of this instrument made by Part 1 of Schedule 1 to the *Treasury Laws Amendment (Measures for Consultation) Act 2022 Act 2022* apply in relation to supplies or payments made on or after 1 July 2021.

14 Application of amendments

(1) The amendments of the *A New Tax System (Goods and Services Tax) Act 1999* made by Part 1 of this Schedule apply in relation to supplies or payments made on or after 1 July 2021.

(2) The amendment of the definition of ***foreign currency*** in subsection 995‑1(1) of the *Income Tax Assessment Act 1997* made by Part 1 of this Schedule applies in relation to:

(a) an income year that includes 1 July 2021; and

(b) later income years.