

RECIPIENT CREATED TAX INVOICES FACT SHEET

What is a recipient created tax invoice?

When the recipient of goods and services creates the tax invoice on behalf of the supplier, this type of tax invoice is known as a recipient created tax invoice (RCTI).

When can a RCTI be issued?

When the following conditions are satisfied:

- The recipient and the supplier are both registered for GST
- A written agreement to create RCTI's exists between both recipient and supplier specifying the supplies which will exist on the tax invoice
- The agreement is current at the time the RCTI is raised
- The goods or services are of the kind that are allowed to be sold via a RCTI (ring the ATO on 13 28 66 or search the database at law.ato.gov.au for the term "RCTI" for more information)

Like standard tax invoices, a RCTI must be valid to be accepted by the ATO when claiming input tax credits on the BAS.

So what is a valid RCTI?

A valid RCTI contains the following information:

- The words "Recipient Created Tax Invoice"
- The name and ABN of the supplier
- The name and ABN of the recipient
- The date of issue of the tax invoice
- The quantity of the goods or the extent of the services sold
- A brief description of the items being sold
- The total price of the sale (including GST)
- The words, "Total price includes GST"
- Display the total price and a statement saying that the total amount of GST is payable by the supplier
- If the items being sold have different taxable characteristics e.g. GST free, input taxed etc., these must be shown as separate line items

What needs to be included in the agreement for a RCTI arrangement?

The written agreement between the recipient and the supplier must contain:

- A list of goods and services to which the agreement relates
- A statement that the purchaser can issue RCTI's
- A statement that the seller will not issue tax invoices for the goods and services
- A statement that both parties are registered for GST and if either the recipient or supplier cease being registered for GST then they will notify each other

The agreement must be current whenever a RCTI is issued.

The recipient (the one who created the invoice) has certain responsibilities.

These responsibilities include:

- Issuing the original or a copy of the RCTI to the supplier within 28 days of the sale
- Keeping the original or a copy of the RCTI on record
- Following the ATO's rules (as above) re RCTI's
- Not issuing a RCTI on or after the date when he or the supplier has failed to comply with any of the requirements of RCTIs.

Useful Links about RCTI's

Go this Tax Ruling on the ATO website: [GSTR 2000/10](#)

More information about RCTI's on the ATO website:

<http://www.ato.gov.au/businesses/content.aspx?doc=/content/00104657.htm>

Below is a link to an example of a RCTI from the ATO that can be used as a template or the basis of creating your own template (NAT 73657):

<http://www.ato.gov.au/content/downloads/bus00104657nat73657092010.pdf>