

## **Treatment of input tax attributable to exempt financial supplies as being attributable to taxable supplies**

40. (1) This regulation shall apply to any exempt financial supplies which is incidental to one or more of the taxable person's business activities.

(2) Subject to regulation 41, there shall be treated as input tax attributable to taxable supplies any input tax attributable to exempt supplies of any of the following descriptions made by a taxable person:

- (a)* the deposit of money;
- (b)* the exchange of currency, whether effected by the exchange of currency, bank notes or coin, by crediting or debiting accounts or otherwise;
- (c)* the holding of bonds, debentures, notes or other similar instruments representing or evidencing indebtedness, whether secured or otherwise;
- (d)* the transfer of ownership of securities or derivatives relating to securities;
- (e)* the provision by a taxable person of any loan, advance, credit or other similar facility whether secured or otherwise to his employee or between connected persons;
- (f)* the assignment of or the provision of credit for any trade receivable;
- (g)* the holding or redemption of any unit or other similar instruments under a trust fund; or
- (h)* the hedging of any interest rate risk, currency risk, freight price risk or commodity price risk.

(3) For the purposes of subsection 30(2) and paragraph 187(2)(C) of the Act or paragraph 19(1)(b), 19(2)(a) or 88(2)(a), any reference to wholly taxable supplies includes reference to taxable supply and any exempt supply made under subregulation (1).

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