

Title: A comparative study of the Goods and Services Tax (GST) implications on real property transactions in Australia and New Zealand

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Abstract:

Real property transactions can amount to significant GST tax revenues for governments due to their substantial per item value and total economic significance. Real property transactions are associated with land and properties which have high per item taxable values. As GST is imposed as a percentage of the taxable values, this tantamount to high tax revenues given the substantial number of taxable activities pertaining to real property transactions.

This paper aims to examine the courts' decisions and legislative provisions regarding four aspects of real property transactions. These four aspects are: (1) supply, (2) consideration, (3) sale of going concerns and leases and (4) retirement villages. This study found that though the Australian and New Zealand GST laws were similar, there are some variations in their treatments of the four aspects of real property transactions. In particular, the Australian courts appear to adopt a more comprehensive approach in their dealings with GST compared to the New Zealand courts. This is partly attributable to the aims of the GST system in these two countries. The Australian GST system gave precedence to equity over the efficiency and convenience canons. In contrast, the New Zealand GST system emphasises efficiency and convenience over the equity canon. With this, the knowledge gained from this study helped to inform tax academics, tax practitioners, taxpayers and tax authorities regarding the similar and differential GST treatments of real property transactions in Australia and New Zealand.