

GST: ZERO-RATING OF TOOLING COSTS

(Clause 78)

Summary of proposed amendment

A new zero-rating rule is proposed that will allow GST-registered manufacturers to zero-rate the supply of certain tooling costs charged to a non-resident customer.

Key features

The tools must be:

- supplied to a non-resident that is not registered; and
- used solely to manufacture exported goods. The rule will not be available for tools supplied to a non-resident when the goods produced will be used for both the domestic and export markets.