

APPENDIX 1

- (1) Recovery of expenses may be treated as disbursement and reimbursement depend on whether the expenses incurred by a principal or an agent acting on behalf of a client.
- (2) GST treatment on disbursement and reimbursement are as follows –

Disbursement	Reimbursement
Not a supply	Is a supply
Not entitle for input tax claim	Entitle for input tax claim

- (3) In general, the criteria for disbursement and reimbursement for GST purposes are as follows –

Disbursement	Reimbursement
Incur expenses as an agent acting on behalf of the client.	Incur expenses as a principal.
The client is the recipient of the supply (invoice under the client's name)	The client is not the recipient of the supply (invoice under the principal's name)
The client is the person responsible to pay for the supply	The principal is the person responsible to pay for the supply
The payment is authorised by the client	The payment is not authorised by the client
The client knew that the supply made by a third party	The client has no knowledge that the supply made by a third party
The exact amount claimed from the client and no right to alter or add on the value of the supply	The principal has right alter or add on the value of the supply
The payment is clearly an additional to the supply made to the client.	The payment is the supply made to the client.