

Circular To: All Members

268/99

GST on Deliverable Futures Contracts

Prices quoted for Wheat and Greasy Wool Futures Contracts which may go to delivery after commencement of the Goods and Services Tax on 1 July 2000 need to include a GST component ("GST-inclusive").

Contract terms for these deliverable contracts, set out in Exchange by-laws, make no provision for the buyer to "top-up" the settlement price with an amount representing the seller's GST liability. Accordingly, in order for sellers to be able to meet their potential GST liability from the amount received on delivery, should they elect not to close the contract out early, they will need to have contracted at a price which takes this liability into account.

The Exchange has no plans to vary the settlement obligations of parties, in respect of contract months that have already been listed, so as to remove the need for GST to have been factored into the pricing.

Whilst the Exchange may review the situation in the light of future developments in the underlying commodity markets, any change would be confined to contract months in respect of which trading had not yet occurred at the time any change was announced.

Any queries in relation to this circular can be directed to Margaret Willett on Ph 02 9256 0493 or Malcolm Starr on Ph 02 9256 0400.

Malcolm D Starr
Policy Director
Government & Legislative Affairs

22 September 1999