

178. Property applied to private use

(1) A person applies goods or other property to a private use if the person uses or consumes the property otherwise than for the purpose of the person's economic activity.

(2) Output tax arises if a person—

- (a) is or has been allowed an input tax credit in respect of all or part of the input tax incurred on an acquisition or import of property; and
- (b) applies the property wholly to a private use or, having used the property wholly or partly in its economic activity, applies the property to such use from a particular time onwards.

(3) The amount of the output tax under subsection (2) is equal to the lesser of the following amounts, reduced to reflect the extent, if any, to which no input tax credit was allowed—

- (a) the amount of the input tax credit the person was allowed for the acquisition or import of the property; or
- (b) if the property has been used in the person's economic activity, the tax fraction of the fair market value of the property at the time it is first applied wholly to a private use.

(4) Output tax arises in respect of property a person modified, improved, or produced if—

- (a) the person applies the property wholly to a private use; and
- (b) a supply of the property by the person would have been a taxable supply.

(5) The amount of the output tax under subsection (4) is the tax fraction of the fair market value of the property at the time it is first applied wholly to a private use.

(6) Output tax arises under this section in the tax period in which the property is first applied to a private use.

(7) The Minister may make regulations prescribing the amount of output tax that arises when a registered person applies property partly to a private use and partly in the person's economic activity and the extent to which the property is so applied changes significantly.

179. Second-hand goods and returnable containers

(1) A dealer in second-hand goods who is a registered person is allowed an input tax credit in respect of second-hand goods purchased by the dealer if —

- (a) the supply of the goods to the dealer—
 - (i) was made by a person who was not a registered person; and
 - (ii) would not have been zero-rated or exempt if that person had been a registered person;
- (b) the goods were not imported by the dealer;
- (c) the on-sale of the goods by the dealer is a taxable supply; and
- (d) the dealer has kept such books and records relating to the purchase and on-sale as are prescribed by the regulations.

(2) Except as otherwise specified in regulations, the amount of the input tax credit is the tax fraction of the consideration paid by the dealer for the purchase of the second-hand goods.

(3) Except as otherwise specified in regulations, the input tax credit is allowed in the tax period in which the dealer on-sells the goods.

(4) Where second-hand goods are transferred by a person who is not a registered person as part payment for new goods of a similar kind, the fair market value of the traded-in goods used to determine the consideration for the new goods shall be the same as the consideration referred to in subsection (2).

(5) Where a registered person purchases a returnable container, or refunds a deposit paid to a person who is not a registered person in respect of the return of a returnable container, this section applies as if the person were a dealer in second-hand goods, except that notwithstanding subsection (3) any input tax credit is allowed in the tax period in which the person pays for the container or refunds the deposit.

(6) In this section, "second-hand goods" means goods other than immovable property that have previously been used but does not include—

- (a) goods consisting of precious metals, being—