Sales Tax (Exemptions and Classifications) Amendment Bill (No 2) 1989

Date Introduced: 10 May 1989
House: House of Representatives
Presented by: Hon. Peter Morris, M.P., Minister Assisting the Treasurer

Digest of Bill

Purpose
The Bill will remove the sales tax exemption for certain bottles used to market alcoholic beverages. The Bill will also correct an anomaly relating to beer kegs.

Background
The Bill arises from publicity concerning an arrangement proposed by Carlton and United Breweries (CUB). Put simply, the arrangement would work as follows: bottles marked as always remaining the property of the brewer would, instead of being sold, be leased to consumers on the basis that it remains the property of the brewer. As a result, sales tax would not be payable and this would lead to a marginally lower price for beer sold in glass containers. The likelihood that the bottles would not be returned was largely immaterial as the cost of the bottle would be incorporated in the price, the only saving from the scheme being the reduction in the amount of sales tax payable.

The Treasurer issued a Press Release on the matter on 13 February 1989. The release stated that, according to the Australian Taxation Office, the arrangement was against the current laws, but it was also announced that the legislation would be amended to make sure the arrangement was illegal. The measure was taken to protect the revenue.

The amendments concerning beer kegs will correct an anomaly in the sales tax laws that has led to such items being subject to double tax. The provision effecting the change will apply from 24 August 1988. It is estimated that since this date approximately $1.3 million has been overpaid in sales tax.

Main Provisions
Sub-clause 3(a) will make it clear that sales tax is payable on glass containers for alcoholic beverages. The amendment will apply from 14 February 1989.
Sub-clause 3(b) will alter the law in respect of beer kegs. Under the amendment, kegs will be exempt if repeatedly used for marketing beer and the property in the kegs has not passed. This amendment will apply from 24 August 1988.

Clause 5 makes it clear that a person will not be liable to a penalty for any act done before the postponed day (i.e. 28 days after the Bill receives the Royal Assent). This will allow time to adjust to the new provisions.

For further information, if required, contact the Law and Government Group.

18 May 1989

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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