Sales Tax (Exemption and Classifications) (Computer Programs) Amendment Bill 1989

Date Introduced: 31 May 1989
House: House of Representatives
Presented by: Hon. Peter Morris, M.P., Minister for Industrial Relations

Digest of Bill

Purpose
To remove sales tax exemption for goods used in copying and converting certain computer programs.

Background
The Sales Tax (Exemptions and Classifications) Act 1935 (the Principal Act) provides that certain goods in its First Schedule are exempt from sales tax. The First Schedule of the Principal Act sets out 153 exempt items (many of which are conditionally exempt). There is no general formula by which a taxpayer can work out whether or not particular goods they deal with are exempt from sales tax. Only if the goods fall within the items set out in the First Schedule of the Principal Act will they be exempt.

Also refer to the Digest for the Sales Tax (Computer Programs) Amendment Bill 1989.

Main Provisions
The Bill will have effect from 23 December 1988 (clause 2).

The First Schedule of the Principle Act contains a definition of ‘aids to manufacture’, which excludes a number of goods, such as road vehicles and office equipment. Items excluded from the definition are not exempt from sales tax. Clause 3 will insert a new paragraph (o) into the definition of ‘aids to manufacture’ that will remove sales tax exemption for goods used exclusively or primarily for the copying of computer programs or for the conversion of computer programs into other languages or codes, except where the goods are made by manufacturers for use by them in certain scientific research or putting computer programs in microchips.

Clause 4 provides that regulations amending the Sales Tax Regulations for making a change similar to that made by clause 3 may take effect from 23 December 1988.

For further information, if required, contact the Economics and Commerce Group.

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Bills Digest Service
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