Diplomatic and Consular Privileges Amendment Bill 1988

Date Introduced: 17 February 1988
House: House of Representatives
Presented by: Hon. Michael Duffy, M.P., Acting Minister for
Foreign Affairs and Trade

Digest of Bill

Purpose
To amend the Diplomatic Privileges and Immunities Act 1967 and the Consular Privileges and Immunities Act 1972 to exempt prescribed missions and posts of overseas countries from the payment of Australian sales tax.

Background

In addition to providing immunity from the jurisdiction of foreign courts, diplomats and consular staff under the auspices of the Vienna Conventions possess other privileges and immunities. The premises of foreign missions and posts are exempt from all taxes, except those which represent payment for specific services rendered (for example, water rates).

Diplomats and consular staff are also exempt from all taxes, with certain exceptions such as indirect taxes of the kind which are normally incorporated in the prices of goods or services.

Australian Government policy in the past has been that Australian sales tax is an indirect tax and therefore payable by foreign missions and posts. However, the Australian Government has taken the view that the sales tax and value added tax of the United States and certain Western European powers are direct taxes from which Australian diplomatic and consular personnel are exempt.
In order to maintain consistency between the formal policy at home and abroad, these amendments seek to grant certain countries exemption from Australian sales tax in respect of their official purchases.

Main Provisions

Clause 4 provides that amendments to the *Diplomatic Privileges and Immunities Act 1967* (the Principal Act), apply to purchases made on or after 1 July 1987.

Clause 5 will insert two new definitions to section 4 of the Principal Act. ‘Prescribed overseas country’ is defined to mean an overseas country as prescribed in the regulations. For a State to be ‘prescribed’ it must be providing reciprocal exemption from sales or value added tax to Australia. ‘Registered person’ is given the same definition as that in the *Sales Tax Assessment Act (No. 1)* 1930, and includes manufacturers and wholesale merchants registered under that Act.

Clause 7 inserts a new section 10A in the Principal Act to provide that sales tax is not payable on goods where they are purchased from a registered person or intended for the official use of the mission or the goods are the subject of an agreement under the Principal Act between the head of mission and the Australian Government.

The provisions of proposed section 10A do not apply where, in the opinion of the Treasurer, the reasonable requirements of the mission have been met by other goods or the goods are disposed of within two years of purchase or where the head or former head of mission has not fulfilled any further conditions as determined by the Treasurer.

Clauses 10, 11 and 12 amend the *Consular Privileges and Immunities Act 1972* essentially the same way as Clauses 4, 5 and 7 amend the *Diplomatic Privileges and Immunities Act 1967*.

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

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Bills Digest Service  
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