Sales Tax (Exemptions and Classifications) Amendment Bill 1988

Date Introduced: 23 August 1988
House: House of Representatives
Presented by: The Hon. Peter Morris, M.P. Minister Assisting the Treasurer

Digest of Bill

Purpose

To adjust the rate of sales tax on a number of items to remove anomalies and inconsistencies. As part of the package, the Bill will remove the sales tax exemption on most beer sold in Australia.

Background

The measures to be introduced by this Bill were announced in the 1988–89 Budget. The measures result from a review of the classification of certain goods that is aimed at removing anomalies where similar goods are treated differently for sales tax purposes. The amendments contained in the Bill are very specific and are explained below.

Main Provisions

The amendments, except that to item 36(1), will have effect from 8 p.m. on 23 August 1988. The amendment to item 36(1) will have effect from 24 August 1988 (clause 4).

Clause 3 will amend the Sales Tax (Exemptions and Classifications) Act 1935 as set out in the Schedule to the Bill. The amendments are:

- muesli bars and similar products will be included in the definition of confectionery and will be subject to sales tax at the rate of 10%;

- plain soy milk beverages will be exempt (item 26AA of the First Schedule), and flavoured soy milk products will be taxed at the rate of 10% (item 4AA of the Third Schedule). Both were previously taxed at the rate of 20%;
- the current exemption from sales tax for most beer (approximately 99% of the beer consumed in Australia) will be removed through the omission of sub-item 36(1) from the First Schedule. Beer will therefore be subject to the normal 20% tax rate that applies to other alcoholic beverages;

- food for fish and other marine animals farmed commercially will be exempt. Such goods are currently taxed at the 20% rate;

- all aircraft except gliders will be exempt. Previously aircraft were exempt if used for business purposes. The 20% rate will continue to apply for gliders;

- containers used by retailers in marketing biscuits, snack foods and icecream made on the premises, which are currently exempt, will be taxed at the rate of 10%. Containers used in marketing take away food and beverages will receive the same treatment.

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

26 September 1988

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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