Sales Tax Laws Amendment Bill 1987

Date Introduced: 14 May 1987
House: House of Representatives
Presented by: Hon. Barry Jones, M.P., Minister for Science

Digest of Bill

Purpose
To remove the sales tax exemptions that apply to a number of Commonwealth authorities.

Background
The measures contained in this Bill form part of the 1987-88 initial Budget measures announced by the Treasurer on 13 May 1987 (the May Statement). The May Statement announced spending reductions that will reduce the 1987-88 Budget deficit by $4000 million.1 A major element of the deficit reduction program involved the removal of sales tax and customs duty exemptions for certain Commonwealth authorities.

Section 20 of the Sales Tax Assessment Act (No. 1) 1930 provides that sales tax will not be payable by bodies or persons listed as exempt in relation to that good in the Sales Tax (Exemptions and Classifications) Act 1935. Division XI of the First Schedule of this Act exempts a number of Government bodies from sales tax. Similarly, the other Sales Tax Assessment Acts contain provisions relating to the application of the Sales Tax Assessment Act (No. 1) 1930 so that the exemptions contained in that Act will also apply under the other Sales Tax Assessment Acts.

Outline
A new section 20A will be inserted into the Sales Tax Assessment Act (No. 1) 1930 to remove the exemption for those bodies listed in proposed Schedule 2 of the Act which appears at the end of the Bill. The remainder of the Bill inserts references to proposed section 20A into the other Sales Tax Assessment Acts to remove the exemptions under those Acts. Bodies included in proposed Schedule 2 are Aussat Pty. Ltd., Australian Dairy Corporation, Australian Industry Development Corporation, Australian Meat and Live-stock Corporation, Australian National Airlines Corporation, Australian Postal Commission, Australian Telecommunications Commission, Australian Wheat Board, Australian Wool Corporation, Commonwealth Banking Corporation, Housing Loans Insurance Corporation, Overseas Telecommunications Commission, Qantas Airways Ltd., Snowy Mountains Engineering Corporation and the Superannuation Fund Investment Trust.

Main Provisions
A new section 20A will be inserted into the Sales Tax Assessment Act (No. 1) 1930
by clause 4. Authorities created before 14 May 1987 and listed in Schedule 2 will cease to be exempt from sales tax from 14 May 1987. The removal of the exemption will also apply to authorities established after 14 May 1987 where those bodies are corporations established by a law of the Commonwealth for a public purpose, companies in which the Commonwealth has a controlling interest or companies in which such bodies have a controlling interest, unless those bodies are specifically exempted from sales tax. Regulations may be made to remove authorities from proposed Schedule 2.

Clauses 8, 10, 12, 14, 16, 18, 20, 22, 24 and 26 will amend Sales Tax Assessment Act Nos.2 to 11 to include references to proposed section 20A in the provisions requiring regard to be had to the Sales Tax Assessment Act (No. 1) 1930.

Reference

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

2 June 1987

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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