Sales Tax (Exemptions and Classifications) Amendment Bill 1987

Date Introduced: 23 September 1987
House: House of Representatives
Presented by: The Hon. Clive Holding, M.P., Minister for Employment Services and Youth Affairs and Minister Assisting the Treasurer

Digest of Bill

Purpose

To exempt from sales tax certain tourist promotion literature and UHF television transmitters for use outside the metropolitan areas, and to remove the exemption from sales tax that applies to goods bought for the personal use of Governors and the Governor-General; members of their families; and non-Australian members of their staff.

Background

Under the OECD's tourism policy, member countries are to exempt from import tax tourist promotion material distributed by a foreign government or national tourist authority to encourage overseas tourism. While sales tax applies to goods produced in Australia or imported, and so cannot strictly be termed an import tax, it has an impost on imports and so increases the cost of distributing foreign tourist information. In order to comply with the spirit of the policy, the Government decided to remove sales tax on literature that promotes visits to foreign countries, is distributed by a national tourist body, and satisfies other conditions. In order not to disadvantage the local production of such material, the exemption will also apply to such material produced in Australia. It is estimated that this amendment will cost between $50,000 and $100,000 in a full year.¹

The exemption for certain UHF television transmitters relates to the equalisation program, which will increase the number of television channels available outside the metropolitan areas, and the desire to clear television channels from the VHF frequency to enable the expansion of FM radio. As these measures are being imposed on television station owners, the Government has decided that the additional burden of sales tax should not apply to the purchase of UHF transmitters used in the process. The estimated revenue cost is $14.5 million to 1 January 1993, when the exemption will end. The cost in 1987-88 is estimated at $400,000.²

The amendments relating to vice-regal exemptions were contained in the Sales Tax (Exemptions and Classifications) Amendment Bill (No. 2) 1986 which was introduced on 15 October 1986. The Bill passed the House of Representatives and
was referred to the Senate Standing Committee on Finance and Government Operations, which presented its report on 14 May 1987. However, the Bill did not pass the Senate before the dissolution of Parliament on 5 June 1987 and so lapsed. This Bill will reintroduce the amendments dealing with the vice-regal exemptions.

**Main Provisions**

Clause 3 will amend items 73 and 73A of the First Schedule of the *Sales Tax (Exemptions and Classifications) Act* 1935 (the Principal Act) to remove the exemption for goods for the unofficial use of a Governor or the Governor-General, for the use of members of their staff who are not Australian citizens and for use by members of the Governor’s or Governor-General’s family. This amendment will apply to transactions, operations and acts done in respect of goods on or after 1 July 1987 (sub-clause 4(1)).

Clause 3 will also amend the First Schedule of the Principal Act as set in the Schedules of the Bill. The major amendments are:

- A new item 72B will be inserted to exempt tourist promotion books, guides, magazines, maps, photographs, calendars etc. that contain not more than 25% commercial advertising and are distributed free of charge by, or on behalf of, a national tourist agency to promote visits to foreign countries. The proposed item will also exempt reference documents, telephone books, flags and certain craft works used by a national tourist body to promote visits to a foreign country.

- Proposed item 105 will exempt UHF transmitters certified to be used or installed between 1 May 1987 and 31 December 1993 and to be used to transmit programs to the general public in non-metropolitan areas. The exemption will not apply to replacement transmitters.

- The personal and household effects and motor vehicles used by members of the Singapore Force will be exempt (proposed item 114D).

**References**

2. Ibid.

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

22 October 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.

© Commonwealth of Australia 1987

Except to the extent of the uses permitted under the *Copyright Act* 1968, no part of this publication may be reproduced or transmitted in any form or by any means, including information storage and retrieval system, without the prior written consent of the Department of the Parliamentary Library. Reproduction is permitted by Members of the Parliament of the Commonwealth in the course of their official duties.