Wool Tax (No. 1) Amendment Bill 1985

Date Introduced: 8 May 1985
House: House of Representatives
Presented by: Hon. John Kerin, M.P., Minister for Primary Industry

Short Digest of Bill

Purpose

To impose tax, and amend the Wool Tax Act (No. 1) 1964 (the Principal Act) to remove the provision for apportionment of wool tax receipts between wool market support, wool research, and the general purposes of the Australian Wool Corporation.

Background

There are five Wool Tax Acts through which wool tax is imposed by the Commonwealth. The Bill is one in a package of five similar Bills, each of which amends one of those Acts.

The tax amounts to 8% of the gross returns from wool sales. The tax is estimated to yield $171.1m in 1984-85. Receipts from the wool tax are apportioned under the Wool Tax Acts and associated Regulations as follows: 5% of receipts is allocated to the Australian Wool Corporation for market support; 2.5% to wool promotion and market administration expenses, and 0.5% to research. Under the Wool Tax Acts, the Wool Council of Australia (Council) may recommend to the Minister, any variations in apportionment to promotion and research. The Council is seeking the flexibility to be able to vary the wool market support component of tax receipts between four and five percentage points and to make the corresponding variations in the allocations to wool promotion and research.

The amendments proposed by the five Bills, complement amendments to the Wool Industry Act 1972 which will bring the apportionment of wool tax receipts under that Act (refer to Bills Digest on the Wool Industry Amendment Bill 1985).
Briefly, the Bill will continue to impose a tax of 8%, but present apportionment arrangements will no longer apply as a result of the repeal of section 5 of the Principal Act.

Main Provisions

A detailed analysis of the provisions of the Bill is contained in the Explanatory Memorandum.

A proposed new section 5 imposes a tax on shorn wool sold by a wool broker at the rate of 8% of the sale value of the wool or at a lower rate if a lower rate is prescribed by new subsequent regulations (clause 3).

The Bill also empowers the Governor-General to make regulations which prescribe a tax on shorn wool at a rate lower than 8% (sub-clause 4(1)) providing that any such lower rate exceeds 4%; and does not differ from the rate of tax imposed by the other four Wool Tax Acts (sub-clause 4(2)).

For further information, if required, contact:

2 July 1985
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References