DIGEST OF BILL

Purpose

To make several technical changes and correct certain drafting errors relating to:

Sales Tax Assessment Act (No. 1) 1930;
Sales Tax Assessment Act (No. 5) 1930;
Sales Tax Assessment Act (No. 9) 1930;
Sales Tax Laws Amendment Act 1985; and
Sales Tax Procedure Act 1934

The Bill will also make consequential changes to the Sales Tax Regulations as a result of amendments to the Sales Tax (Exemptions and Classifications) Act 1935 which will broaden and rationalise the wholesale sales tax system.

Background

This Bill is one of 11 Bills relating to the changes in the wholesale sales tax system. For further information, refer to the Bills Digest (No. 85/186) for the Sales Tax (Exemptions and Classifications) Amendment Bill 1985.

Main Provisions

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

1. Sales Tax Assessment Act (No. 1) 1930

Clause 4 will amend section 11 of the Principal Act to make it clear that section 11 is the only provision under which a person is required to be registered for sales tax purposes.
2. Sales Tax Assessment Act (No. 5) 1930

Clause 7 amends section 2A of the Principal Act to ensure that a reference to "imported goods entered for home consumption" or "the entry for home consumption of imported goods" in that Act includes goods that are imported after they are taken to be entered for home consumption.

Clause 8 substitutes a new sub-section 4(4) into the Principal Act to clarify the procedure of ascertaining the sale value of imported goods on which royalty is payable or has been paid. Where royalty has been excluded from the sale value of imported goods, the sale value will be increased by an amount equal to 120% of the amount of royalty. Where royalty has been partly included, the sale value will be increased by an amount equal to 120% of the excluded part.

Sales tax will be payable at the time of importation when goods are imported after their entry for home consumption (section 9 amended by clause 9).

3. Sales Tax Assessment Act (No. 9) 1930

Clause 11 amends section 4 of the Principal Act to clarify provisions relating to the sale value of leased goods on which royalty is payable. In cases where royalty has been excluded from the sale value of leased goods, an amount equal to the royalty will be added to the sale value. In cases where royalty has been partly included, only the excluded amount will be added to the sale value.

4. Sales Tax Laws Amendment Act 1985

Clause 14 will substitute a new sub-section 28(2) into the Principal Act which is similar to, and will have the same effect as, proposed sub-section 4(4) of the Sales Tax Assessment Act (No. 5) 1930 (see clause 8).

5. Sales Tax Procedure Act 1934

The definition of "goods" in section 3 of the Principal Act is amended by clause 16 to include goods defined in the Sales Tax Assessment Act (No. 10) 1985.
6. **Sales Tax Regulations**

Regulation 4 is to be amended by clause 19 to include a definition for "biscuits" which is identical to the definition in the *Sales Tax (Exemptions and Classifications) Amendment Bill 1985*.

Registered persons who manufacture exempt biscuits and exempt ice-cream products on retail premises will be unable to quote a certificate to obtain biscuit manufacturing machines and commercial biscuit and ice-cream mixes free of tax (amendments to Regulations 4 and 13 by clauses 19 and 21).

7. **Anti-avoidance**

Transactions that have been brought forward for the purpose of avoiding sales tax liability will be deemed to have been entered into on 20 September 1985 i.e., when the new rates of sales tax apply (clause 24).

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

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24 October 1985

Bills Digest Service

LEGISLATIVE RESEARCH SERVICE

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