Date introduced: 19 September 1985
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Minister Assisting the Treasurer

DIGEST OF BILL

Purpose

To amend the Sales Tax Act (No. 1) 1930 in order to reduce the number of wholesale sales tax rate categories from four to three (30, 20 and 10 per cent), and to re-impose sales tax at current rates on certain goods.

Background

This Bill forms part of the package of eleven Bills designed to rationalise and broaden the wholesale sales tax system. For further information, refer to the Bills Digest for the Sales Tax (Exemptions and Classifications) Amendment Bill 1985 (No. 85/186).

The Sales Tax Act (No. 1) 1930 (the Principal Act) currently imposes tax at four different rates (32.5, 20, 10 and 7.5 per cent) on goods manufactured in Australia and sold by the manufacturer or treated by the manufacturer as stock for sale by retail or applied to the manufacturer's own use. The rate applicable to a good depends upon which Schedule of the Sales Tax (Exemptions and Classifications) Act 1935 covers that good. Goods not listed in any of the Schedules are taxable at the general rate of 20 per cent, while goods listed in the First Schedule are tax exempt. The First Schedule also lists exemptions for otherwise taxable goods.

Outline

This Bill will impose tax at the new rates of 30 and 10 per cent on the sale value of goods covered by the Second and Third Schedules of the Exemptions and Classifications Act, respectively. Sales tax will be re-imposed at the current rates on goods covered by the
Fourth, Fifth and Sixth Schedules, and on goods not covered by any Schedule. Consequently, the rates of tax payable will be:

<table>
<thead>
<tr>
<th>Goods covered by</th>
<th>New Tax Rate</th>
<th>Old Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Schedule</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Second Schedule</td>
<td>30</td>
<td>32.5</td>
</tr>
<tr>
<td>Third Schedule</td>
<td>10</td>
<td>7.5</td>
</tr>
<tr>
<td>Fourth Schedule</td>
<td>20</td>
<td>20.0</td>
</tr>
<tr>
<td>Fifth Schedule</td>
<td>20</td>
<td>20.0</td>
</tr>
<tr>
<td>Sixth Schedule</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>No Schedule</td>
<td>20</td>
<td>20.0</td>
</tr>
</tbody>
</table>

Main Provisions

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

This Bill will come into operation on 20 September 1985 (clause 2).

Clause 3 substitutes new sections 3 and 4 of the Principal Act to impose rates of tax in respect of goods covered by the Second, Third, Fourth, Fifth, Sixth Schedules, and goods not listed in those Schedules.

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

25 October 1985

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

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