Purpose

To amend the Sales Tax Act (No. 9) 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. 9) 1930 (the Principal Act) currently imposes tax at four different rates (32.5, 20, 10 and 7.5 per cent) on goods leased in Australia. 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 and Main Provisions

As the amendments proposed by each of the Sales Tax (Nos. 1-4 and 6-9) Amendment Bills 1985 are similar, refer to the Outline and Main Provisions sections of the Bills Digest for the Sales Tax (No. 1) Amendment Bill 1985 (No. 85/190) for information in relation to this Bill.
For further information, if required, contact the Economics and Commerce Group.

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Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

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