BANK ACCOUNT DEBITS TAX AMENDMENT BILL 1985

Date introduced: 17 October 1985
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Minister Assisting the Treasurer

DIGEST OF BILL

Purpose

To amend the Bank Account Debits Tax Act 1982 in order to give effect to the 1985-86 Budget proposal to double the rates of bank account debits tax in the Australian Capital Territory.

Background

This Bill is part of a package designed to bring ACT taxation more closely aligned with State taxation. For further information refer to the Bills Digest for the Australian Capital Territory Stamp Duty Amendment Bill 1985 (No. 85/205).

The introduction of the Bank Accounts Debit (BAD) Tax was announced on 17 August 1982 in the 1982-83 Budget Speech and applied from 1 April 1983. The BAD tax is levied by the Principal Act while provision for the assessment and collection of tax is contained in the Bank Account Debits Tax Administration Act 1982.

Under the existing section 4 of the Principal Act, the BAD tax is imposed in three specific circumstances namely, where:

- a taxable debit of $1 or more is made to a taxable account;
- an eligible debit of $1 or more is made to an exempt account; or
- an eligible debit of $1 or more is made to an account kept outside Australia by an Australian resident for the purpose of tax avoidance.
Tax imposed on an eligible debt is payable by the account holder. Tax imposed on a taxable debit is payable by the bank but is recoverable from the account holder. The Schedule to the Act lists the amount of the tax that is imposed.

Outline

This Bill will provide for the doubling of the rates of tax imposed on debits made to accounts kept in the ACT. The existing rates of tax on all other bank account debits will be maintained.

Furthermore, the existing anti-avoidance provisions will be extended to catch those accounts kept outside the ACT or outside Australia in order to avoid ACT rates of tax.

Main Provisions

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

Clause 2 substitutes new sections 4 and 5 which, together with the proposed new Schedule (substituted by clause 3) will double the rates of tax imposed on debits made to accounts held inside and outside the ACT. The rates of tax will be:

<table>
<thead>
<tr>
<th>Amount of debit</th>
<th>Amount of Tax</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>States</td>
</tr>
<tr>
<td>Not less than $1 but less than $100</td>
<td>10 cents</td>
</tr>
<tr>
<td>Not less than $100 but less than $500</td>
<td>25 cents</td>
</tr>
<tr>
<td>Not less than $500 but less than $5,000</td>
<td>50 cents</td>
</tr>
<tr>
<td>Not less than $5,000 but less than $10,000</td>
<td>$1</td>
</tr>
<tr>
<td>$10,000 or more</td>
<td>$1.50</td>
</tr>
</tbody>
</table>

By clause 4 the amendments provided by this Bill are to apply to debits made on or after the first day of the second month following that in which the Bill receives Royal Assent.
For further information, if required, contact the Economics and Commerce Group.

12 November 1985

Bills Digest Service

LEGISLATIVE RESEARCH SERVICE

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