Purpose

To provide in Acts levying sales tax, for the introduction of an additional Sixth Schedule to the complementary Sales Tax (Exemptions and Classifications) Act 1935, which specifies the categories of goods on which sales tax is payable, and applicable rates.

Background

Sales tax is imposed by several Sales Tax Acts, the associated matters of assessment and collection being provided for in complementary Sales Tax Assessment Acts (Nos. 1-9). The separation satisfies the requirement that laws imposing taxation deal with no other matter (Constitution s.55). The nine taxing Acts are drafted to levy tax on particular sale situations, comprising Australian manufactured goods:

1. sold by, or treated as stock for sale by, an Australian manufacturer;
2. sold by a person who purchased the goods from the manufacturer;
3. sold by a person other than the manufacturer or a purchaser from the manufacturer;
4. applied by a purchaser to his own use;

Goods not manufactured in Australia, which are:

5. imported into Australia;
6. sold by the importer or applied by him to his own use;
7. sold by a person other than the importer;

8. applied by a purchaser to his own use; and

generally whether Australian or imported:

9. goods which are leased.

Tax rates imposed by the Sales Tax Acts vary according to the classification of the goods, specified by reference to Schedules in the Sales Tax (Exemptions and Classifications) Act 1935. Rates of 7.5 per cent, 20 per cent and 32.5 per cent are presently imposed. The Bill does not amend these rates, but imposes tax at a new rate of 10 per cent. Goods to which the 10 per cent rate is to apply are specified in a new Sixth Schedule to the Sales Tax (Exemptions and Classifications) Act (see Bill Digest for Sales Tax (Exemptions and Classifications) Amendment Bill 1984). Goods to be subject to sales tax at 10 per cent include wine and other alcoholic beverages.

Main Provisions

The Bill is to be deemed to have commenced at 8pm on 21 August 1984 (Budget night) and introduces rates to apply from that moment in time. Subclause 3(2) provides that the new rates are not to apply to goods on which sales tax has already been imposed.

Subclause 3(2) substitutes new sections 3 and 4 in the Sales Tax Acts. New section 4 introduces a tax of 10 per cent levied on goods specified in the Sixth Schedule to the Sales Tax (Exemptions and Classifications) Act 1935.

Similar provisions occur in each of the nine Bills. The difference occurs in new sections 3 of subclause 3(1), the sections imposing tax, in that the particular situation in which tax is to be paid, of the nine covered by sales tax, is respectively set out.

For further information, if required, contact:

5 September 1984

Economics and Commerce Group
LEGISLATIVE RESEARCH SERVICE