BANK ACCOUNT DEBITS TAX AMENDMENT BILL 1984

Date Introduced: 5 September 1984
House: House of Representatives
Presented by: The Hon. Chris Hurford, M.P.
Minister for Housing and
Construction and Minister Assisting
the Treasurer

Short Digest of Bill

Purpose

To exempt debits of less than $1, and to increase the rate of tax on debits of $10,000 or more from $1 to $1.50.

Background

For general background on the tax and the amendments, see Bills Digest No. 84/184, which concerns two other new exemptions to be implemented through the Bank Account Debits Tax Administration Amendment Bill 1984.

At present, there is no minimum debit below which the tax does not apply. This means that the minimum rate of tax of 10 cents is charged on very small debits including small debits for financial institutions duties levied by some States. The Bill will ensure that debits below $1 are exempted from bank account debits tax.

In order to offset the cost of the exemption of debits below $1 and the two other new exemptions, the Bill proposes to increase the rate of tax on debits of $10,000 or more from $1 to $1.50.

Main Provisions

Clause 3 will ensure that debits below $1 are not subject to the tax.

Clause 4 will specify the new rates of tax as follows.
<table>
<thead>
<tr>
<th>Amount of Debit</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<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 $5000</td>
<td>50 cents</td>
</tr>
<tr>
<td>Not less than $5000 but less than $10,000</td>
<td>$1</td>
</tr>
<tr>
<td>$10,000 or more</td>
<td>$1.50</td>
</tr>
</tbody>
</table>

Under Clause 2, the above amendments will come into operation on the first day of the month which follows the month in which this Bill receives the Royal Assent.

Clause 5 is a saving provision which will ensure that tax is still payable at the previous rates on debits made before the commencement of these amendments.

For further information, if required, contact:

22 October 1984

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