Date Introduced: 25 August 1981  
House: House of Representatives  
Presented by: Hon. J.W. Howard, M.P.  

Short Digest of Bills  

Purpose  
To impose sales tax at the rate of 2-1/2 per cent on a range of goods previously exempt from tax.  

Background and Main Provisions  

The Treasurer announced in his 1981-82 Budget Speech that the Government proposed to increase current rates of sales tax by 2-1/2 percentage points from 19 August 1981 (refer Sales Tax Amendment Bills (Nos. 1-9) 1981) and to impose sales tax at the rate of 2-1/2 percentage points, from 1 January 1982, on a range of previously exempt goods. Sales Tax Amendment Bills (Nos. 1A-9A) 1981 are proposed to give effect to the announcement to tax the previously exempt goods at 2-1/2 per cent. As with the Sales Tax Amendment Bills (Nos. 1-9) 1981, the amendments are required to be introduced in nine separate Bills.  

Clause 2 of each Bill proposes that the amendments come into operation on 1 January 1982.  

Clause 3 proposes the repeal of sections 3 and 4 of the Principal Acts and their substitution by new sections 3 to 6. New sections 3 and 4 effectively provide for the continuation, on and after 1 January 1982, of the increased rates of tax proposed by the Sales Tax Amendment Bills (Nos. 1-9) 1981; namely 30%, 5% and 17-1/2% on goods currently taxable.  

New section 5 provides for a rate of tax of 2-1/2 per cent to be imposed on prescribed items in the First Schedule to the Sales Tax (Exemptions and Classifications) Act 1935. Prescribed items to which the proposed tax is to apply remain classified in the First Schedule, which previously only specified goods exempt from tax. The goods to which the proposed tax is to apply are broadly: books, magazines and newspapers, building materials, packaging and wrapping materials, hand tools, clothing, footwear, drapery,
soft furnishings and manchester goods. For more comprehensive details refer to pages 4 to 6 of the Explanatory Memorandum.

The overriding exemption items, which apply to goods otherwise taxable when put to certain uses, contained in the First Schedule to the Sales Tax (Exemption and Classifications) Act 1935 will continue to exempt goods otherwise taxable by virtue of the proposed new section 5. For example, goods used by universities, governments, or as aids to manufacture will remain exempt; refer page 3 of the Explanatory Memorandum for further details.

Proposed clause 4 ensures that tax payable arising from taxable circumstances on or before 1 January 1982 remains payable, and at previous rates of tax.

For further information, if required, contact:

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