LOCAL GOVERNMENT (PERSONAL INCOME TAX SHARING)
AMENDMENT BILL 1981

Date Introduced: 28 May 1981
House: House of Representatives

Short Digest of Bill

Purpose

To insert a number of essential definitions in the Local Government (Personal Income Tax Sharing) Act 1976 which had previously been specified in the now repealed States (Personal Income Tax Sharing) Act 1976.

Background

Since 1976-77, local government has received a certain percentage (currently 2 per cent) of the previous year's net personal income tax receipts in the form of general revenue assistance grants. The States have, since that time, also received general revenue assistance grants which have been expressed as a proportion of net personal income tax collections, under the provisions of the States (Personal Income Tax Sharing) Act 1976.

Both sets of grants have been determined in relation to a "base figure", this being an amount determined by the Commissioner of Taxation consisting of net personal income tax receipts excluding any special levies, surcharges or rebates specified by the Treasurer as being eligible for exclusion. The definitions and procedures necessary for calculating the "base figure" were included in the States (Personal Income Tax Sharing) Act 1976 and referred to in the Local Government (Personal Income Tax Sharing) Act 1976.

From 1981-82 onwards, the method of providing general revenue assistance to the States will differ. Transitional arrangements will apply during 1981-82, while from 1982-83 onwards, general revenue grants will be a function of total tax receipts. These new arrangements are set out in the States (Tax Sharing and Health Grants) Act 1981. That Act repeals the States (Personal Income Tax Sharing) Act 1976. The relevant definitions and procedures essential to the operation of the Local Government (Personal Income Tax Sharing) Act 1976 must therefore be included explicitly in the Principal Act.
Main Provisions

Clause 3 inserts definitions essential to the proper calculation of a "base figure" for the purposes of determining general revenue grants to local government.

Clause 4 inserts a new section 3A which authorises the Treasurer, for the purposes of the Act, to declare any component of income tax to be a special surcharge or to declare any rebate of tax to be a special rebate.

Clause 5 inserts a new section 4A which requires the Commissioner of Taxation to estimate the value of net personal income tax excluding the effects of any special surcharges or rebates and to communicate the result to the Treasurer who will, in turn, inform the Premier of each State.

For further information, if required, contact:

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Finance, Industries, Trade & Development Group
LEGISLATIVE RESEARCH SERVICE