SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) AMENDMENT BILL 1978

Date Introduced: 25 May 1978
House: House of Representatives
Presented by: Hon. R.V. Garland, M.P.,
Minister for Special Trade Representations
and Minister for Veterans' Affairs
representing the Treasurer

Short Digest of Bill

Purpose

To amend the Sales Tax (Exemptions and Classifications) Act 1935 in several ways, chiefly to

(i) exempt sunscreen preparations certified effective against ultra-violet rays;
(ii) restore exemption for certain non-competing imported printed matter and films;
(iii) bring certain sales tax exemptions into line with corresponding customs exemptions;
(iv) harmonise sales tax concessions for Papua-New Guinea servicemen with existing customs duty exemptions.

Provisions

Clause 3 provides for a partial exemption on a sliding scale for people arriving in Australia with a vehicle or boat that they have owned or used for a period of between 15 months and 15 months less 2 weeks. A period of at least 15 months is required to obtain full exemption from customs duty and sales tax. This will match the phasing-in provision in the Customs Tariff.

Sub-clause 4(1), para. (b) provides exemption for sunscreen preparations which are certified by the Director-General of Health to give an acceptable level of protection from solar ultra-violet rays. Clause 5 ensures that this exemption will take precedence where the products would otherwise be taxed at 27½% under the Second Schedule.

Sub-clause 4(1), paras. (c), (d), (e), (f) and (h) restore sales tax exemption for certain imports not competing with Australian producers. They were previously defined in the exemption schedule as the goods included under a corresponding item number in the Customs
Tariff schedule, but a change in the latter classification has made necessary a change in the former definition. The items covered by each paragraph are roughly as follows:

(c) overseas travel literature

(d) calendars, catalogues, price lists, sample literature, etc.

(e) printed matter belonging to public institutions for deposit or exhibition therein, and illustrations for teaching purposes

(f) overseas travel films of government or travel authorities

(h) personal goods of visiting members of United States Forces.

Sub-clause 4(1), para. (g) will permit members of the crew of ships or aircraft who are ordinarily domiciled in Australia to have, on a once-a-year basis, the sales tax exemptions available to passengers in respect of goods which they bring into Australia.

Sub-clause 4(1), para. (j) provides for Members of the Visiting Force of Papua New Guinea, its civilian component and their dependants an exemption from sales tax on importation into Australia of personal goods, in line with the existing exemption on customs duty. These exemptions are required under the Status of Forces Agreement with Papua New Guinea.

Sub-clause 4(1), para. (k) brings sales tax into line with customs as regards non-collection where the value of the goods is insubstantial.

See Explanatory Memorandum for further detail.

Background

The main legislation relevant to sales tax is as follows:

*Sales Tax Acts (Nos. 1 to 9) 1930* - impose the tax and specify the rates. The "general rate" is 15% but other categories are exempt, or taxed at 2½% or 27½%.

*Sales Tax Assessment Acts (Nos. 1 to 9) 1930* - deal with the assessment, collection and administration of the tax.

*Sales Tax Procedure Act 1934* - also provide machinery for collection and recovery of sales tax.

*Sales Tax (Exemptions and Classifications) Act 1935* - prescribes the goods which are exempt from sales tax and shows in various Schedules the goods which are subject to tax at rates other than the general rate.

30 May 1978

Finance, Industries, Trade and Development Group

LEGISLATIVE RESEARCH SERVICE