HOUSE OF REPRESENTATIVES

A NEW TAX SYSTEM (COMMONWEALTH-STATE FINANCIAL ARRANGEMENTS) AMENDMENT BILL 2003

Second Reading

SPEECH

Thursday, 4 December 2003

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES
Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (9.32 am)—I move:

That this bill be now read a second time.

This bill amends the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999. The bill will facilitate the operation of the act by implementing three measures, which have been agreed to by all of the states and territories.

The bill will enable the Commissioner of Taxation to account for all GST refunds when determining the amount of GST revenue collected and to be provided to the states and territories. In 2003-04, it is estimated that the states and territories will receive $31.7 billion in GST revenue.

Currently, the act does not allow the commissioner to deduct all GST refunds when determining GST revenues. In particular, the act excludes GST refunds under the tourist refund scheme, and GST refunds to international organisations, diplomatic missions and visiting defence forces.

As a result, the commissioner's determination overstates GST, resulting in states and territories receiving more GST revenue than is actually collected.

The bill will fix this problem. It will ensure that the commissioner is able to account for all GST refunds when determining GST revenues for 2003-04 and future years.

The bill will also introduce a mechanism to allow payments to a state or territory to be adjusted, as it comes off budget balancing assistance, to fully account for any over or underestimate of payments in a previous financial year.

The bill also makes minor changes to the statutory deadlines for a number of determinations required under the act, in order to improve the timing of these determinations.

Full details of these measures are contained in the explanatory memorandum and I commend the bill to the House.

Debate (on motion by Ms Roxon) adjourned.