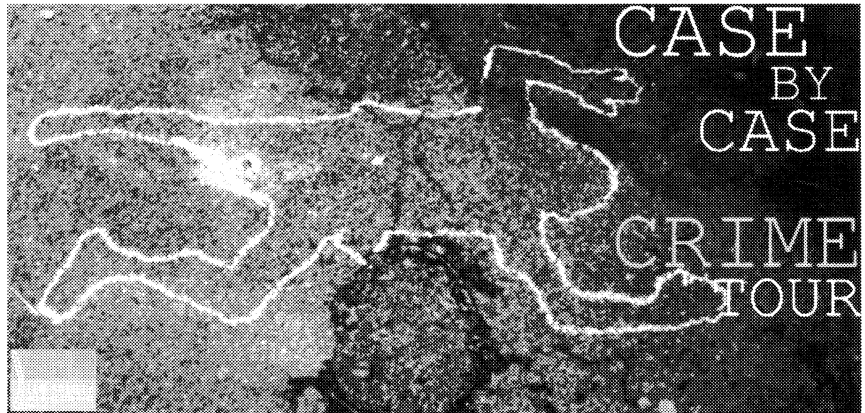


CASE BY CASE CRIME TOUR

The Case by Case Crime Tour is a free guided coach tour of some of Darwin's most interesting, unusual and famous crime locations which will be a highlight of Law Week 2000.

The tour will follow a trail of drunkenness, murder, hanging and disorder in a fascinating account of crime in our city.

The tour will run daily from Monday May 15 to Thursday May 19. Details about times are included in the Law Week program on page#11 in *Balance* and bookings are essential.



This postcard of the Case by Case Crime Tour will be distributed around Darwin. Check the back of the card to ascertain the times of the tour.

● FERAE NATURAE

GST - What will you be charging your clients?

This vexed issue is currently facing the legal profession. The Law Society has been asked the question by practitioners and the Master has sought advice in relation to the Supreme Court Scale.

In light of price fixing legislation, the question represents a bind for the Law Society and the legal profession. Price fixing aside, the answer is not an easy flat 10 per cent and indeed the price exploitation guidelines released by the ACCC require each practice to undertake a review of its prices in light of the new tax system as it affects their businesses.

This makes it impossible for the Law Society to predict how the GST will affect the cost of legal services in each practice in the Northern Territory.

In order for practices to review their prices they must remove the wholesales sales tax on consumables such as stationery and capital items such as electronic library resources, calculate expenditure on compliance costs and assess the impact of the GST on lease costs. (Lease costs include premises and equipment but exclude any savings arising from the transitional provisions of the legislation). The outcome of this analysis is clearly going to be different for each practice. It is this variation that makes it very difficult to estimate the industry wide impact of the new tax system.

It is the view of the Law Society's Commercial Law Committee that there will be few savings, if any, for the legal profession and their clients because of the new tax system and that the cost of services which have previously not been taxed mean services will increase by the full 10 per cent. The Law Society has advised the Master that it may not unreasonable that fixed fees should increase to allow for the potential of a full passing on of the GST (10 per cent).

Analysis undertaken by other Law Societies around the country have arrived at a similar conclusion. Detailed analysis carried out by members of firms in NSW have indicated a lack of savings coming to the profession from wholesale sales tax, the minimal impact of other elements of the new tax system on legal practices and compliance costs together with the imposition of the GST on services previously not taxed (ie professional services), will see the cost of legal services increasing by the full amount of the GST.

In fact analysis conducted by a Victorian firm has found that savings in its firm will amount to 1.8 per cent while compliance costs (a legitimate costing our GST implication) will be 2.3 per cent. Based on these estimates this would take the cost above 10 per cent. It is expected that these costs will have to be absorbed by the firm in the short term.

Of course these calculations, due to 'commercial in confidence' are not



Ms Maria Ceresa, Executive Officer

publicly available. In other words it is up to each individual firm to conduct its own review.

The ACCC has established principles which it encourages practices to follow.

- Businesses are advised to reduce prices to pass on the full effect of any net tax deductions
- Any increase in price based on the GST should include a full offset for indirect tax reductions and other new tax system related benefits such as diesel fuel rebates.
- No mark-up should be applied to the GST component of the price.
- Prices should reflect actual, not anticipated, tax increases.
- Businesses should not take the opportunity to increase the difference between costs and prices in dollar terms (the net dollar margin rule)
- No price should increase by more than 10 per cent as a result of the new tax system changes.

Good luck.