

1998

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

A NEW TAX SYSTEM (GOODS AND SERVICES TAX
IMPOSITION—EXCISE) BILL 1998

EXPLANATORY MEMORANDUM

(Circulated by authority of the
Treasurer, the Hon Peter Costello, MP)

INTRODUCTION

1.1 This Explanatory Memorandum explains the A New Tax System (Goods and Services Tax Imposition—Excise) Bill 1998.

1.2 The A New Tax System (Goods and Services Tax Imposition—Excise) Bill 1998 is one of the 3 Bills which will formally impose the GST on the supplies and importations that are to be subject to the GST. There are 3 Bills for constitutional reasons. The GST will comprise tax:

- that is a duty of customs (*A New Tax System (Goods and Services Tax Imposition—Customs) Act 1998*);
- that is a duty of excise (*A New Tax System (Goods and Services Tax Imposition—Excise) Bill 1998*);
- that is neither a duty of customs nor a duty of excise (*A New Tax System (Goods and Services Tax Imposition—General) Act 1998*);

Constitutional requirements

1.3 Imposition laws must be separate. The Constitution requires that laws imposing taxation deal only with the imposition of taxation. To the extent that a law imposing taxation deals with anything apart from the imposition of the tax, those other parts of the law will be of no effect. (Section 55 of the Constitution) A tax includes a duty of customs and a duty of excise.

1.4 **One subject of taxation:** The Constitution requires that laws imposing a duty of customs and laws imposing a duty of excise must be in separate Acts. (Section 55 of the Constitution)

1.5 This Bill will impose GST to the extent that it is a duty of excise. [Section 3]

Rate of GST

1.6 The rate of GST will be 10%. [Section 4]

Property of a State will not be taxed

1.7 A New Tax System (Goods and Services Tax Imposition—Excise) Bill 1998 contains a provision to the effect that it will not impose a tax on property of any kind belonging to a State. The

term *property of any kind belonging to a State* will have the same meaning that the term has in section 114 of the Constitution. Section 114 states that the Commonwealth shall not impose any tax on property of any kind belonging to a State. **[Section 5]**

Commencement

1.8 The A New Tax System (Goods and Services Tax Imposition—Excise) Bill 1998 will commence on 1 July 2000. **[Section 2]**