

1998-99

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION – EXCISE)
BILL 1999

EXPLANATORY MEMORANDUM

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

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Overview

1.1 The A New Tax System (Luxury Car Tax Imposition – Excise) Bill 1999 is one of a package of 3 that formally imposes the luxury car tax on supplies and importations of luxury cars that are to be subject to luxury car tax. The luxury car tax will comprise tax that is:

- neither a duty of customs nor a duty of excise (*A New Tax System (Luxury Car Tax Imposition – General) Act 1999*);
- a duty of customs (*A New Tax System (Luxury Car Tax Imposition – Customs) Act 1999*); and
- a duty of excise (*A New Tax System (Luxury Car Tax Imposition – Excise) Bill 1999*).

Constitutional requirements

1.2 Section 55 of 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. A tax includes a duty of customs and a duty of excise.

1.3 Section 55 of the Constitution also requires that laws imposing a duty of customs and laws imposing a duty of excise must be in separate Acts.

1.4 The A New Tax System (Luxury Car Tax Imposition – Excise) Bill 1999 will impose luxury car tax to the extent that it is a duty of excise. *[Section 3]*

Rate of luxury car tax

1.5 The rate of luxury car tax will be 25%. *[Section 4]* The luxury car tax is only calculated on the value of the car that exceeds the luxury car tax threshold in the *A New Tax System (Luxury Car Tax) Act 1999*.

Property of the State will not be taxed

1.6 The A New Tax System (Luxury Car Tax Imposition – Excise) Bill 1999 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

1.7 The A New Tax System (Luxury Car Tax Imposition – Excise) Bill 1999 will commence on 1 July 2000. **[Section 2]**