

1998-99

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

A NEW TAX SYSTEM (INDIRECT TAX AND CONSEQUENTIAL
AMENDMENTS) BILL (NO. 2) 1999

FURTHER SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendment to be moved on behalf of the Government

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



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General outline and financial impact

Registration threshold for non-profit sub-entities

The amendment to the *A New Tax System (Indirect Tax and Consequential Amendments) Bill (No. 2) 1999* will increase the registration turnover threshold for a non-profit sub-entity to \$100,000.

Date of effect: 1 July 2000.

Proposal announced: Not announced.

Financial impact: Negligible.

Compliance cost impact: Reduces compliance costs for those entities choosing the option.

Summary of Regulation impact statement

A Regulation impact statement is not required for this measure.

Chapter 1

Registration turnover threshold for non-profit sub-entities

Outline of Chapter

1.1 The registration turnover threshold for non-profit sub-entities was originally set at \$50,000. After further consultation, it was decided to increase the threshold to \$100,000, which aligns with the threshold for non-profit organisations which are entities under general principles. The increased threshold will also enable more non-profit sub-entities to be able to choose whether or not they want to register for the goods and services tax (GST).

Detailed explanation of new law

1.2 *Amendment 1* removes section 63-25, which specified that a non-profit sub-entity would have a registration turnover threshold of \$50,000. With the removal of this section, a non-profit sub-entity will be subject to the same registration turnover threshold as a non-profit body under the general provision in subsection 23-15(2). This will effectively increase the threshold for non-profit sub-entities to \$100,000.

1.3 The amendment also inserts *new section 63-25*, which relates to regulations that may specify a higher registration threshold for non-profit organisations under paragraph 23-15(2)(b). The new section provides that these regulations may specify a different registration threshold for non-profit sub-entities than specified for non-profit bodies that are entities under general concepts.
