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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**COMMONWEALTH AUTHORITIES (AUSTRALIAN CAPITAL TERRITORIES
PAY-ROLL TAX) BILL 1995**

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer,
the Honourable Ralph Willis, M.P.)

EXPLANATORY MEMORANDUM**COMMONWEALTH AUTHORITIES (AUSTRALIAN CAPITAL TERRITORY PAY-ROLL TAX) BILL 1995****GENERAL OUTLINE AND FINANCIAL IMPACT**

The Bill will place the pay-roll tax treatment of certain Commonwealth authorities operating in the ACT on a similar footing as those Commonwealth authorities operating in the States and Northern Territory.

Date of Effect: The Bill commences on the day on which it receives Royal Assent.

Financial Impact: The cost to revenue is expected to be nil.

NOTES ON CLAUSES

Clause 1: Specifies the short title of this Act

Clause 2: Provides for this Act to commence on the date the Bill receives Royal Assent.

Clause 3: Provides definitions of "Commonwealth authority" and "pay-roll tax law" for the purposes of this Act.

- The Bill applies to those Commonwealth authorities which, immediately before the commencement of the Australian Capital Territory (ACT) pay-roll tax regime on 1 August 1987, were registered as employers, or had an application for registration pending, under the pay-roll tax regime of the Commonwealth or of a State or Territory. General exempting provisions which would otherwise operate to exclude liability to ACT pay-roll tax are made inapplicable to those Commonwealth authorities. Commonwealth authorities that are specifically exempt from pay-roll tax will not be affected by the Bill.

Clause 4: Creates ACT pay-roll tax liability for certain Commonwealth authorities who were previous not subject to ACT pay-roll tax because of general exempting provisions. This will place the pay-roll tax treatment of certain Commonwealth authorities operating in the ACT on a similar footing as those Commonwealth authorities operating in the States and Northern Territory.

- At present Commonwealth authorities may be liable to State or Northern Territory pay-roll tax on wages and salaries paid to employees in those States or the Northern Territory, but are not liable to ACT pay-roll tax on similar wages and salaries paid in respect of ACT employees.

Clause 5: Creates ACT pay-roll tax liability for certain Commonwealth authorities who were previous not subject to ACT pay-roll tax because of general exempting regulations. This will extend ACT pay-roll tax liability to Commonwealth authorities where there was in effect a regulation subjecting them to payment of pay-roll tax to the Commonwealth or a State or Territory.

Clause 6: Protects previous collections of pay-roll tax by the ACT Government. Those Commonwealth authorities that have paid ACT pay-roll tax before Royal Assent to the Bill will not be able to recover the payments. This will prevent Commonwealth authorities which have made payments of pay-roll tax to the ACT Government since 1 August 1987, but which had no legislative requirement to do so, from seeking a refund of pay-roll tax. This will avoid the adverse impact that refunds would have on ACT revenues.



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