

1988

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

COMMONWEALTH AUTHORITIES LEGISLATION (PAY-ROLL TAX)
AMENDMENT BILL 1988

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Transport and
Communications, Senator the Hon. Gareth Evans, Q.C.)

COMMONWEALTH AUTHORITIES LEGISLATION (PAY-ROLL TAX)
AMENDMENT BILL 1988

Outline

The purpose of this Bill is to give effect to a decision that from 1 July 1988 Commonwealth Government business enterprises currently exempted from State and Territory pay-roll taxes be liable for such taxes. This is in line with the general principle adopted by the Government that such enterprises be subject to taxation on the same basis as private business.

The enterprises to become subject to State and Territory pay-roll taxes as a result of this decision are

Australian National Railways

Civil Aviation Authority

Federal Airports Corporation

Australia Post

Telecom.

Amendments to the following five Acts are necessary to achieve the objective:

Australian National Railways Commission Act 1983

Civil Aviation Act 1988

Federal Airports Corporation Act 1986

Postal Services Act 1975

Telecommunications Act 1975.

Financial Impact

The annual pay-roll tax liability of the authorities concerned is estimated at about \$220 million. In recognition of this increase in revenue to the States, the Commonwealth's payments to the States for the year will be reduced. This reduction will not be by the full amount but by approximately 90%, being estimated at just under \$200 million.

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Notes on Clauses:

Clause 1 - Short title

Formal provision for citation of the Act.

Clause 2 - Commencement

Provides for commencement on 1 July 1988.

Clause 3 - Amendments of Acts

Provides for the Acts specified in the Schedule to be amended as set out in that Schedule.

Schedule - Amendments of Acts

Amendments to remove previous exemptions from State and Territory pay-roll tax are made to the following provisions

- . section 67 of the Australian National Railways Commission Act 1983
- . section 55 of the Civil Aviation Act 1988
- . section 45 of the Federal Airports Corporation Act 1986
- . section 83 of the Postal Services Act 1975
- . section 80 of the Telecommunications Act 1975.

