

1994

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

DEPARTURE TAX AMENDMENT BILL 1994

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Industry, Science
and Technology, Senator the Hon Peter Cook)



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OUTLINE

This Bill together with the Departure Tax Collection Amendment Bill 1994 implements the Government's decision announced in the 1994 Budget to replace the existing departure tax with a \$27 passenger movement charge to fully offset the cost of customs, immigration and quarantine (CIQ) processing at Australia's borders and the cost of issuing short-term visitor visas.

The cost recovery initiative is proposed to be achieved by utilising the existing legislative mechanism for departure tax to both levy and collect the passenger movement charge. Most of the amendments effected by the two bills therefore simply substitute the current references to "tax" in each of the Principal Acts with "charge".

The Departure Tax Amendment Bill 1994 imposes the charge while the Departure Tax Collection Amendment Bill 1994 provides the mechanism for collecting the charge.

Financial Impact Statement

The replacement of the existing \$25 departure tax with the \$27 passenger movement charge will result in the following increases to revenue:

1994-95	\$5m
1995-96	\$12m
1996-97	\$13m
1997-98	\$13m

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NOTES ON CLAUSES

Clause 1 - Short Title etc.

1. This is a machinery clause which provides for the citation of the Act and identifies the *Departure Tax Act 1978* as the Principal Act being amended.

Clause 2 - Commencement

2. This clause provides for the Act to commence or be taken to have commenced on the same day as the *Departure Tax Collection Amendment Act 1994*.

Clause 3 - Object

3. This clause outlines the object of the Act as changing the name of the departure tax to the passenger movement charge and increasing the rate of the charge from \$25 to \$27. This reflects the fact that the scheme is moving from one of imposing departure tax as a general revenue measure to levying a charge which represents the cost of providing customs, immigration and quarantine services and short-term visitor visa processing.

Clause 4 - Amendment of long title

4. This clause substitutes the word "charge" for "tax" in the long title of the Principal Act to emphasise the fact that while the existing departure tax mechanism is being utilised for the imposition and collection of the levy, the levy itself is a cost recovery measure rather than a revenue measure.

Clause 5 - Short Title

5. This clause amends the Short Title of the Principal Act by substituting "Passenger Movement Charge" for "Departure Tax" for the reasons outlined above in relation to clause 4.

Clause 6 - Collection Act to be read with this Act

6. This clause effects a technical drafting change consequential on the amendments contained in clause 5 above, replacing "departure tax" with "passenger movement charge".

Clause 7 - Imposition of passenger movement charge

7. This clause effects imposition of the passenger movement charge by substituting "Charge" for "Tax" in section 5 of the Principal Act.

Clause 8 - Rate of passenger movement charge

8. This clause sets the rate of the passenger movement charge at \$27 and effects consequential changes to substitute "charge" for "tax".

Clause 9 - Application of amendments

9. This clause provides that the new cost recovery arrangements reflected in the passenger movement charge will come into effect in respect of departures from Australia that occur on or after 1 January 1995.