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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

DEPARTURE TAX COLLECTION AMENDMENT BILL 1986

EXPLANATORY MEMORANDUM

Circulated by authority of the
Minister for Aviation, the Hon.
Peter Morris, MHR

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OUTLINE

The Departure Tax Collection Amendment Bill 1986 amends the Departure Tax Collection Act 1978 to provide that international airlines be required from 1 July 1986 to have departure tax stamps available for sale to passengers.

The Government has decided that airlines should be responsible for this function, as they are in a number of overseas countries, from the beginning of financial year 1986/87. To this end, the Bill also ensures that regulations can be made governing matters such as the supply of stamps to the airlines, the terms and conditions under which stamps are so supplied, as well as refunds of stamps purchased and exemptions.

The proposed amendments will have a positive impact on Commonwealth outlays in that approximately \$1 million currently directly expended each year in collecting departure tax will be saved. There will be no impact on revenue as all non-exempt passengers departing Australia will continue to be obliged to pay departure tax.

NOTES ON CLAUSES

CLAUSE 1

1. Short Title.

CLAUSE 2

2. Sections 1, 2, 3, 4 and 6 of the Bill will come into effect on the date of Royal Assent. This is to enable the Regulations governing the supply of departure tax and exemption stamps to be enacted in sufficient time to enable international air operators to begin selling the stamps from 1 July 1986.
3. Section 5 of the Bill relates to the obligations of international air operators to make tax stamps available for sale, and exemption stamps available for issue to passengers. This section will come into effect on 1 July 1986, the date the responsibility for this function is to be transferred to international air operators.

CLAUSE 3

4. Section 3 of the Principal Act is amended to include or vary definitions as required to reflect the transfer of responsibility for sale and issue of tax and exemption stamps to passengers.
5. The definition of "authorized officer" is amended to allow officers of Commonwealth Departments other than those currently specified to be authorized by the Minister to carry out responsibilities under the Act. In particular, the Minister for Aviation will be able to authorize officers of the Department of Aviation to issue refunds of departure tax to those passengers eligible for refunds under the legislation.

CLAUSE 4

6. Amends section 11 of the Principal Act to ensure that regulations can be made governing the supply of tax and exemption stamps to international air operators, the terms and conditions under which stamps are so supplied, and the sale and issue of stamps by operators. The Clause also enables the Government to reimburse international air operators who make refunds of unused tax stamps to passengers.

CLAUSE 5

7. Amends the Principal Act by inserting sections 11A, 11B and 11C. New section 11A requires that an international air operator who is operating an international flight has to make tax stamps available for sale to passengers on that flight. Exemption from this obligation is provided for private and aerial work operations, and by determination of the Minister, for certain charter operations. The need for these exemptions stems from the small size and nature of these operations, which often operate from airports where the collection of tax by stamps is impractical, and would constitute an unnecessary burden on the operators involved. This will enable current arrangement for collection of the tax from non-exempt passengers on these flights to continue.

8. The places where, the manner in which, and the times when, tax stamps are to be made available by the operator can be specified by regulation. The reason for adopting this approach is to enable consultations to be held with the airlines on the precise arrangements that will apply, and to allow flexibility to meet requirements that may emerge in the future.
9. New section 11B requires international air operators to make exemption stamps available for the various categories of passengers that are exempt from payment of the departure tax. Eligibility for exemption will be determined by the air operators, in accordance with the categories specified under the Act. As with departure tax stamps, the places where, the manner in which, and the times when, exemption stamps are to be made available can be specified by regulation, as with the tax stamps.
10. A maximum fine of \$2,000 for a natural person, and \$10,000 for a body corporate is prescribed for an offence against the provisions of both sections.
11. New clause 11C, as explained above, empowers the Minister to grant an exemption from the obligation for an international air operator to have tax and exemption stamps available for certain types of charter operations. The provision provides that the exemption may be for a particular flight or classes of flight, and the Minister is required to have regard to the scale of operations, and any other relevant factors, in making a determination.

CLAUSE 6

12. Enables the Minister to delegate his or her powers under the Act to officers of other Commonwealth Departments, as may be required.