

1987

THE PARLIAMENT OF THE COMMONWEALTH  
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

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SALES TAX (EXEMPTIONS AND CLASSIFICATIONS)  
AMENDMENT BILL 1987

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EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer,  
the Hon. P.J. Keating, M.P.)



## GENERAL OUTLINE

This Bill will amend the Sales Tax (Exemptions and Classifications) Act 1935 -

- . to exempt from sales tax certain tourist publicity and tourism promotional materials acquired either by -
  - .. a national tourist organisation established or accredited by the government of a foreign country; or
  - .. a representative appointed by such a national tourist organisation;
- . to remove the existing sales tax exemptions available in respect of -
  - .. articles for the personal use of the Governor-General, the Governor of a State or a member of the family of the Governor-General or a State Governor; and
  - .. articles for the personal or official use of a member of the staff of the Governor-General or a State Governor;
- . to exempt from sales tax certain ultra high frequency television transmitters for use in non-metropolitan areas, as well as in the metropolitan areas of Canberra, Hobart and Darwin;
- . to give effect to certain sales tax exemptions in accordance with the terms of a proposed Status of Forces Agreement between Australia and Singapore; and
- . to make minor amendments in consequence of amendments of the customs laws.

## FINANCIAL IMPACT

Although it is not possible to accurately estimate the cost to revenue of the exemption for tourist publicity and promotional material proposed by this Bill, it is estimated that the cost could be of the order of between \$50,000 and \$100,000 in a full year, commencing in 1987-88.

The amendments being made to the existing exemption for certain goods for use by the Governor-General, State Governors and members of their families and staff are not expected to have any significant effect on revenue.

The estimated revenue cost of the proposed exemption for certain ultra high frequency television transmitters is \$14.5 million spread over the years 1987-88 to 1992-93 including \$0.4m in 1987-88 .

The cost to the revenue as a result of the granting of exemptions on certain imported goods in accordance with the proposed Status of Forces Agreement with Singapore is estimated to be less than \$0.5m in a full year.

## MAIN FEATURES

The main features of this Bill are as follows -

### Amendments of First Schedule to Principal Act (Clause 3)

Broadly stated, the present wholesale sales tax operates to tax all goods at the general rate of 20% unless they are specified to be taxed at a different rate or to be exempt. There are 5 Schedules to the Sales Tax (Exemptions and Classifications) Act 1935 (the Act) that specify goods or classes of goods for this purpose. The First Schedule to the Act lists, in a number of separate items, the various goods or classes of goods that are exempt from sales tax. The Bill will make several amendments of the First Schedule.

### Exemption for certain tourist publicity and promotional materials (Subclause 3(1) and Schedule 1)

The Bill will include in the First Schedule a new item - item 72B - which will exempt from sales tax certain tourist publicity and promotional materials that are for use, or in some cases distribution, by foreign national tourist organisations and their approved representatives.

The new item will exempt certain specified printed matter from sales tax provided it is for distribution free of charge by foreign national tourist organisations and their representatives. Goods in this category include books, magazines, pamphlets and other similar documents, photographs and photographic enlargements, maps, posters, illustrated calendars, timetables for overseas transport services and lists of foreign hotels and other accommodation. However, exemption will not apply to any of those goods if they contain more than 25% commercial advertising.

Item 72B will also exempt specified goods that are for use by foreign national tourist organisations and their representatives, provided the goods are not for sale or distribution. These goods include documentary films and audio-visual display material (subject to certain restrictions), samples of national handicrafts, national costumes, cultural items, flags, pictures, paintings, sculptures and similar art work, scale models, lantern slides and other display material.

The exemption provided by item 72B will apply to both goods manufactured in Australia and imported goods. The exemption applies to transactions, acts or operations occurring on or after 1 July 1987.

Amendment of Vice-Regal exemption  
(Subclause 3(2))

Existing provisions of the sales tax law allow, inter alia, imported and locally manufactured excisable articles -

- . for the personal use of the Governor-General, State Governors or members of their families; or
- . for the personal or official use of a member of the staff of the Governor-General or a State Governor (if the member is not an Australian citizen),

to be cleared from bond without payment of sales tax. In the case of locally manufactured excisable articles, in order to be freed from tax, the articles have to be owned by the person by whom they are to be used or by the Commonwealth or the relevant State, as the case may be, before their clearance from bond or duty.

Until recently, there were similar provisions in the customs and excise laws. Those laws were, however, amended by the Customs Tariff Amendment Act 1986 (Act No. 36 of 1986) and the Excise Tariff Amendment Act 1986 (Act No. 21 of 1986) to remove the exemption from those duties for the imported and locally manufactured excisable articles described above. Amendments proposed by this Bill will, with effect from the date on which the amending Act receives the Royal Assent, bring the sales tax law into line with the customs and excise laws in this area.

Exemption for certain ultra high frequency (UHF) television transmitters  
(Subclause 3(3) and Schedule 2)

The Bill will insert a new item in the First Schedule to exempt from sales tax certain ultra high frequency (UHF) television transmitters. Put broadly, exemption will apply to UHF television transmitters that -

- . are not acquired to replace an existing UHF transmitter (unless such replacement is required by a change in the terms under which use of the transmitter is authorised);
- . are for use in a non-metropolitan area or in the metropolitan areas of Canberra, Hobart or Darwin; and
- . are to be first used, or installed ready for use, after 30 April 1987 and before 1 January 1993,

where the Secretary to the Department of Transport and Communications (or a person authorised by the Secretary for the purpose) is satisfied that the above conditions are met in relation to a particular transmitter and has given a certificate to that effect.

Status of Forces Agreement between Australia and Singapore  
(Subclause 3(4) and Schedule 3)

The Bill will give effect to certain sales tax exemptions in accordance with a proposed Status of Forces Agreement (SOFA) between Australia and Singapore. The proposed SOFA has extensive provisions conferring privileges and immunities, including taxation privileges, on members of the Singapore Armed Forces or civilian component and their dependants who are stationed in Australia but are not ordinarily resident here.

The amendments proposed by this Bill are to commence on a date to be proclaimed following the signing into force of the SOFA.

Consequential amendments  
(Subclause 3(5) and Schedule 4)

Many of the sales tax exemption items in the First Schedule to the Principal Act contain references to customs items in the Customs Tariff Act 1982. However this Act is to be repealed and replaced by the new Customs Tariff Act 1987 which will come into operation on a day to be proclaimed.

The Customs Tariff (Miscellaneous Amendments) Act 1987, which was enacted for the purpose of amending other laws that contain references to customs items, did not amend six First Schedule items that contain references to provisions of the 1982 Act. The Bill will correct this oversight by substituting references to corresponding provisions in the new Customs Tariff Act 1987.

The Bill will also make a technical amendment of the First Schedule by removing a reference to a customs tariff item that will no longer exist under the new 1987 Tariff Act.

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A more detailed explanation of the provisions of the Bill is contained in the following notes.

Clause 1 : Short title etc.

Subclause 1(1) provides for the amending Act to be cited as the Sales Tax (Exemptions and Classifications) Amendment Act 1987.

Subclause 1(2) facilitates references to the Sales Tax (Exemptions and Classifications) Act 1935 which is referred to in the Bill as "the Principal Act".

Clause 2 : Commencement

By subclause 2(1), the amending Act is, subject to the other subclauses of clause 2 (see the following notes), to come into operation on the day on which it receives the Royal Assent.

Subclause 2(2) provides that proposed subsections 3(1) and 4(1) will be deemed to have come into operation on 1 July 1987. This will ensure that the sales tax exemption for certain tourist publicity and promotional material applies from that date.

By subclause 2(3) the amendments to be made by subclauses 3(4) and 4(4) - insertion of new item 114D into the First Schedule of the Principal Act to provide certain sales tax exemptions in accordance with the terms of the proposed Status of Forces Agreement between Australia and Singapore - are to come into operation on a day to be fixed by Proclamation.

By subclause 2(4), the amendments - by subclauses 3(5) and 4(5) - that are consequential upon the enactment of the Customs Tariff Act 1987, will come into operation on the day on which that Act comes into operation - that is, the day to be proclaimed for the purposes of that Act.

Clause 3 : Amendment of First Schedule to Principal Act

The First Schedule to the Principal Act lists, in a number of separate items, the goods or classes of goods that are exempt from sales tax and specifies the circumstances, if any, in which that exemption is to apply to particular goods.

Subclause 3(1) will amend the First Schedule to the Principal Act as set out in Schedule 1 to the Bill. The amendments are explained in the notes that follow relating to Schedule 1.

Subclause 3(2) proposes certain amendments of items 73 and 73A of the First Schedule to the Principal Act. Broadly stated, these items exempt from sales tax certain goods that are for the personal or official use of the Governor-General, State Governors, or members of their families, as well as staff members who are not Australian citizens.

Item 73 operates to exempt from sales tax imported goods when the goods are cleared from bond or, in the case of goods imported directly by the person who is entitled to the exemption, on importation. Item 73A provides sales tax exemption for locally manufactured goods (which are subject to excise duty) at the time those goods are cleared from bond, provided the goods were owned before clearance by the person for whose use they were cleared or by the Commonwealth Government or the relevant State Government.

The customs and excise laws have been amended to remove exemptions that were available from duties in respect of goods for the personal or official use of non-Australian members of the staff of the Governor-General or State Governors, and goods for the personal use of the Governor-General, State Governors and members of their families. Subclause 3(2), which is to the same effect as the customs and excise amendments, will amend items 73 and 73A of the First Schedule to the Principal Act to remove the corresponding sales tax exemptions for those goods.

By subclause 4(2), the amendments are to apply to relevant transactions, acts and operations effected on or after the commencement of the amending Act - that is, the date on which the Act receives the Royal Assent.

Subclause 3(3) proposes that the First Schedule to the Principal Act be amended as set out in Schedule 2 to the Bill. The contents of Schedule 2 are explained in the notes on that Schedule.

Subclause 3(4) proposes a further amendment of the First Schedule to the Principal Act in accordance with Schedule 3 to the Bill. The amendment is explained in the notes on Schedule 3.

Subclause 3(5) proposes that the First Schedule to the Principal Act be amended as set out in Schedule 4 to the Bill. The contents of Schedule 4 are explained in the notes on that Schedule.

#### Clause 4 : Application of amendments

This clause, which will not amend the Principal Act, specifies the dates from which the various amendments proposed in clause 3 will apply. The operation of each of the application provisions is explained in the notes on the relevant clause or Schedule.

#### SCHEDULE 1

Schedule 1 to the Bill will insert proposed new item 72B in the First Schedule to the Principal Act.

Item 72B will provide an exemption for certain specified goods acquired by a foreign national tourist organisation or its accredited representatives. The



national tourist organisation must be established or accredited by the government of a foreign country. Commonwealth and State Government tourist organisations are already exempt from tax by virtue of existing exemption items 74 and 78 in the First Schedule to the Principal Act.

Goods covered by item 72B, which must be acquired by the tourist organisation principally for the purpose of promoting tourism to the foreign country concerned, fall into two distinct categories, namely -

- . printed matter that is for distribution free of charge by the organisation (sub-item 72B(1)). Goods in this category must not contain more than 25% commercial advertising; and
- . goods that are for use, but not for sale or distribution, by the organisation (sub-item 72B(2)).

Item 72B will apply to both Australian manufactured and imported goods.

Printed material specified in sub-item 72B(1) comprises:

- . books, folders, guides, magazines and pamphlets (paragraphs (d), (e), (f), (g), and (h) respectively);
- . unframed photographs and unframed photographic enlargements (paragraphs (j) and (k) respectively);
- . framed or unframed posters (paragraph (m));
- . printed window transparencies (paragraph (n));
- . illustrated calendars (paragraph (p));
- . illustrated or unillustrated maps (paragraph (q));
- . timetables for transport services operating abroad (paragraph (r)); and
- . lists and yearbooks, published or sponsored by the organisation, of foreign hotels and other overseas accommodation (paragraph (s)).

Goods specified in sub-item 72B(2) comprise:

- . printed reference material containing information about museums, universities, spas and other institutions (paragraph (c));
- . yearbooks, telephone and telex directories, lists of hotels or other accommodation and catalogues of fairs - all of which must relate to the foreign country concerned (paragraph d);

- . samples or specimens of handicrafts of negligible value (paragraph (e));
- . samples or specimens of articles of national costume or other cultural items of the relevant country (paragraph (f));
- . flags of that country (paragraph (g));
- . pictures, paintings, drawings, framed photographs and enlargements, engravings and lithographs (paragraph (h));
- . works of art and art books (paragraphs (j) and (k) respectively);
- . dioramas, scale models, lantern slides, printing blocks and photographic negatives (paragraph (m));
- . display equipment such as showcases and electrical and mechanical aids (paragraph (n)); and
- . documentary films and certain audio visual aids for use in exhibitions, displays or performances for the public, at which no charge is made for admission, provided the goods are not also being sold to the Australian public at large, and are not materials that have a prime function of advertising particular commercial business operations, for example, an airline (paragraph (p)).

For the purposes of item 72B, 'Australia' includes the external Territories.

By subclause 4(1) of the Bill, the amendment made by Schedule 1 will apply in relation to transactions, acts and operations effected or done on or after 1 July 1987.

The practical effect of subclause 4(1) is that the exemption to be conferred by item 72B will apply where the relevant tourism promotional materials reached a taxing point under the sales tax law on or after 1 July 1987. Where those materials reached a taxing point before 1 July 1987, they remain subject to sales tax to the extent that tax is payable under the existing law.

For example, if goods of this kind were sold by a registered manufacturer or wholesale merchant to an unregistered person or to a registered person who does not quote a sales tax certificate of registration, or are entered for home consumption before 1 July 1987, the existing law will continue to apply. Goods sold or entered for home consumption in those circumstances on or after 1 July 1987 will be exempt from sales tax.

## SCHEDULE 2

Schedule 2 will insert a new item - item 105 - in the First Schedule to the Principal Act. New item 105 covers each UHF television transmitter in respect of which a certificate has been given by the Secretary to the Department of Transport and Communications (or a person authorised by the Secretary for this purpose). The certificate will be to the effect that the Secretary (or the authorised person) is satisfied that the conditions set out in paragraphs (a) and (b) of the new item are met in relation to each transmitter.

Paragraph (a) of item 105 requires that the particular UHF transmitter be for use for the purpose of the transmission to the general public of television programs. If the transmitter is to be used for a number of purposes, including the purpose of transmission to the general public of television programs, the requirement of paragraph (a) will still be satisfied. Paragraph (a) also requires that the particular UHF transmitter be first used in transmitting television programs to the general public in a non-metropolitan area or the metropolitan areas of Canberra, Hobart or Darwin after 30 April 1987 and before 1 January 1993.

Under section 6A of the Broadcasting Act 1942, persons are prohibited from transmitting television programs to the general public without a licence warrant under that Act. Similarly, persons were prohibited from transmitting television programs to the general public without a licence under the Broadcasting and Television Act 1942 as it stood prior to its amendment by the Broadcasting and Television Amendment Act 1985. This amending Act converted the licensing arrangements for commercial television operations from being "station-based" to being "service-based". Under transitional provisions, the Broadcasting Act 1942 continues to apply to station-based licences ("old system licences") until such licences are converted to service-based licences ("new system licences").

The reference in paragraph (a) of proposed item 105 to the transmission to the general public of television programs ensures that transmitters not authorised for that purpose by section 6A of the Broadcasting Act 1942 will not qualify for exemption.

Subparagraphs (a)(i) and (a)(ii) refer, respectively, to new system licences and old system licences, with the broad effect in each case of limiting the exemption to UHF transmitters for use in non-metropolitan areas or the metropolitan areas of Canberra, Hobart or Darwin.

Subparagraph (a)(i) relates to a UHF transmitter that is for use under a licence warrant granted in respect of a non-metropolitan new system licence. By the operation of the interpretative provision at the end of new item 105 (see later notes on this Schedule), the term "licence

warrant" has the same meaning as in subsection 96(1) of the Broadcasting and Television Amendment Act 1985 which refers to a licence warrant granted under section 89D of the Broadcasting Act 1942. Such licence warrants are granted to licensees by the Minister for Transport and Communications in respect of licences held by those licensees. The licence warrant specifies technical conditions to be complied with by the licensee.

The area to be served pursuant to a new system licence is referred to as its "service area". By reference to a "non-metropolitan new system licence" (see later notes on the definition of that expression), subparagraph (a)(i) will exclude a UHF transmitter from exemption where there is a capital city of a State (other than Tasmania) situated within the service area applicable to the licence which authorises use of the transmitter. Accordingly, transmitters for use in metropolitan areas (other than Hobart, Darwin or Canberra) will not qualify for exemption.

Subparagraph (a)(ii) relates to UHF transmitters the use of which is authorised under old system licences and applies in a manner similar to subparagraph (a)(i) to exclude from exemption transmitters for use in metropolitan areas (other than Canberra, Hobart or Darwin). A UHF transmitter the use of which is authorised under an old system licence (other than a "commercial television translator station licence" - see later notes on the definition of this expression) will be exempt only if it is used under a "non-metropolitan commercial television station licence" (also a defined term). Where use of a transmitter is authorised under a commercial television translator station licence, exemption will apply only if the translator station transmits programs of a station that is a non-metropolitan commercial television station.

Under paragraph (a), the Secretary to the Department of Transport and Communications (or a person authorised by the Secretary for the purpose) will be required to specify that a transmitter is for use by a particular person - the term "person" includes a company by virtue of the operation of subsection 3(1) of the Principal Act. The identity of the person who will use a transmitter is relevant for the purposes of paragraph (b) which, among other things, denies an exemption for a UHF transmitter that is purchased to replace an existing UHF transmitter that is being sold to another person - see following notes on paragraph (b).

Paragraph (b) requires that the particular UHF transmitter for which exemption is sought (the new transmitter) is not for use in replacing another UHF transmitter (the old transmitter) to which subparagraphs (b)(i), (b)(ii) and (b)(iii) all apply. Where all of these subparagraphs apply in relation to the old transmitter, the new transmitter will not be exempt.

Subparagraph (b)(i) will apply in relation to an old transmitter if it was being used (by the person for whose use the new transmitter was acquired) in transmitting television programs to the general public immediately before the time that the new transmitter is first used for that purpose.

Subparagraph (b)(ii) will apply if the old transmitter is authorised to be used after the time the new transmitter is first used for the purpose referred to in subparagraph (b)(i). Accordingly, if continued use of the old transmitter would not be authorised under the relevant licence warrant or old system licence, the new UHF transmitter would not be excluded from the exemption by reason of its being a replacement for an existing UHF transmitter. This will ensure that the exemption is available where the transmitter being replaced was made redundant by changes to the technical operating conditions of a licence warrant and is necessary given that changes to the technical operating conditions result from decisions taken by the Minister for Transport and Communications rather than decisions of the licensee.

Subparagraph (b)(iii) will apply if either sub-subparagraph (b)(iii)(A) or (B) applies. Sub-subparagraph (b)(iii)(A) will apply if the old transmitter is not intended to be used for transmitting television programs to the general public (for example, by remaining idle, being scrapped or sold) by the person who is to use the new transmitter after the time the new transmitter is first used.

Sub-subparagraph (b)(iii)(B) will apply if the old transmitter is intended to be so used but the use is to be, broadly, in a metropolitan area other than Canberra, Darwin or Hobart - for example, where the new transmitter is to be situated in a regional area in substitution for a transmitter that is to be re-located for authorised use in a State capital (other than Hobart).

The following expressions are defined for the purposes of new item 105 -

"commercial television translator station licence" is defined to have the same meaning as in the Broadcasting Act 1942 as it stood immediately before the commencement of the Broadcasting and Television Amendment Act 1985. Accordingly, a commercial television translator station licence is a licence to operate a station of low operating power designed for the reception and retransmission of programs received from a television station. The expression does not include a television translator station operated by virtue of a supplementary television licence. Ultra high frequency television transmitters used in translator stations in non-metropolitan areas may qualify for exemption under the new item.

"metropolitan commercial television station licence" is defined to mean a licence to operate a commercial television station (a term explained in later notes) that has the General Post Office of Sydney, Melbourne, Brisbane, Perth or Adelaide located within the service area specified by that licence. Broadly, this is an old system licence (i.e., station-based) which authorised transmission to the general public of television programs in any of the five metropolitan areas of Sydney, Melbourne, Brisbane, Perth and Adelaide. UHF transmitters that are authorised to be used pursuant to an old system licence servicing the metropolitan areas referred to do not qualify for exemption - see notes on paragraph (a) of new item 105.

"metropolitan new system licence" is defined to mean, broadly, a new system licence (i.e., service-based) which authorises transmission to the general public of television programs in a metropolitan service area. For this purpose, a new system licence will be taken to service a metropolitan area if the General Post Office of Sydney, Melbourne, Brisbane, Perth or Adelaide is located within its service area. UHF transmitters that are authorised to be used pursuant to licence warrants granted in respect of new system licences servicing the metropolitan areas referred to do not qualify for exemption - see notes on paragraph (a) of new item 105.

"non-metropolitan commercial television station licence" is defined to mean a licence for a commercial television station that is not a "metropolitan commercial television station licence" (a defined term - refer above notes on this expression).

"non-metropolitan new system licence" is defined to mean a new system licence (i.e., service-based) that is not a "metropolitan new system licence" (as also defined).

"radio transmission" has the meaning given to that expression by the Radiocommunications Act 1983. In that Act, it means any transmission or emission of electromagnetic energy of frequencies less than 3 terahertz, or any highly coherent transmission or emission of electromagnetic energy of frequencies not less than 3 terahertz and not exceeding 1,000 terahertz, without continuous artificial guide.

"transmitter" is defined to mean any thing designed or intended for use for the purpose of radio transmission (as defined). For the purposes of

new item 105, the term excludes transmission towers, masts, antennae, electric lines and other ancillary or associated equipment or facilities. Accordingly, such equipment or facilities would not qualify for exemption under the new item.

"ultra high frequency television transmitter" means, broadly, any transmitter (as defined) for use in broadcasting television programs on ultra high frequency. Ultra high frequency in relation to television transmission refers to that part of the radio frequency spectrum in the range 520 megahertz to 820 megahertz.

The interpretative provision being inserted at the end of new item 105 is a drafting measure to avoid extensive repetition of definitions of expressions that are defined in subsection 96(1) of the Broadcasting and Television Amendment Act 1985 (the Amendment Act). The following expressions referred to in item 105 have the same meaning in the new item as in that subsection.

"commercial television station" (an expression used in the definition of "non-metropolitan commercial television station licence" in item 105) is defined in subsection 96(1) of the Amendment Act to have the same meaning as in the previous Act - i.e., the Broadcasting Act 1942 - as it stood immediately prior to the commencement date (1 January 1986) of the Amendment Act. Accordingly, a commercial television station means a television station but does not include -

- . a national television station (i.e., a station operated by the Australian Broadcasting Corporation);
- . a television station operated on behalf of the Special Broadcasting Service;
- . a television translator station; or
- . a television repeater station.

"licence warrant" means a licence warrant granted under section 89D of the Broadcasting Act 1942 as amended by the Amendment Act. Generally, a licence warrant remains in force while a licence is in force and specifies technical conditions with which the licensee must comply.

"new system licence" means a licence within the meaning of the Broadcasting Act 1942 as amended by the Amendment Act and refers, broadly, to a service-based licence as introduced by the Amendment Act.

"old system licence" refers to a licence under the old station-based licensing arrangements that were replaced by service-based licensing in 1985.

"service area" when used in new item 105 in relation to a new system licence refers to the area to be served pursuant to the licence. Where there is a General Post Office of a State capital other than Hobart situated within a service area, an ultra high frequency television transmitter purchased for use in that area will not qualify for exemption.

By subclause 4(3) the amendments of the Principal Act being made by Schedule 2 apply in relation to transactions, acts and operations (broadly, the entry for home consumption of imported UHF transmitters or the sale of such transmitters) occurring at any time whether before or after the commencement of the amending Act. This clause will ensure that the amending Act has its intended effect - namely, that a UHF transmitter which satisfies the relevant conditions for exemption will be exempt even though it may have passed or passes its taxing point before the Act comes into operation. In these circumstances, relief from tax may be effected by way of refund, which will be available under general provisions of the sales tax law that relate to refunds.

### SCHEDULE 3

By Schedule 3 the First Schedule to the Principal Act is to be amended to insert new item 114D. The new item will exempt on importation into Australia the personal effects, furniture or household goods of members of the Singapore Armed Forces or civilian component and their dependants who are stationed in Australia and are not ordinarily resident here, and on motor vehicles imported for the use of such persons.

The sales tax exemptions to be conferred by new item 114D are in accordance with the terms of a proposed Status of Forces Agreement (SOFA) between Australia and Singapore and will come into operation on a date to be proclaimed (see notes on subclause 2(3)) following the signing into force of the SOFA.

The proposed SOFA also confers, inter alia, exemption from import duty on the goods to which the sales tax exemption is to be provided by new item 114D. In this regard the sales tax exemption to be provided under the terms of the proposed SOFA will be consistent with the existing sales tax exemptions provided in connection with comparable Status of Forces Agreements that Australia has with the United States (sub-item 114B(4)) and Papua New Guinea (item 114C) in that the exemption will be conditional upon the goods being exempt from import duty under item 11 in Part 1 of Schedule 4 to the Customs Tariff.



Act 1982. Notwithstanding that the Customs Tariff Act 1982 is to be repealed and its provisions re-enacted in the Customs Tariff Act 1987 (to commence on a date to be proclaimed), the provisions of section 10 of the Acts Interpretation Act 1901 will apply to ensure the continued application of the sales tax exemptions proposed by new item 114D after the Customs Tariff Act 1987 is proclaimed to operate.

Subclause 4(4) of the Bill provides that the sales tax exemptions to be conferred, in accordance with new item 114D of the First Schedule to the Principal Act, will apply to transactions, acts and operations effected or done in relation to goods on and after a date to be fixed by proclamation.

#### SCHEDULE 4

Schedule 4 will amend seven items in the First Schedule to the Principal Act that contain references to customs items that will alter upon introduction of the new Customs Tariff Act 1987.

By clause 1 of Schedule 4, sales tax exemption item 59 will be amended to replace the reference in that item to paragraph (d) of item 35 in Part 1 of Schedule 4 to the Customs Tariff with a reference to paragraph (d) of item 32 in Part II of Schedule 4.

Clause 2 will amend sales tax exemption item 68 by omitting from paragraphs 3(a), 3(b) and 3(c) of the item references to Customs Tariff items 99.01, 99.02 and item 99.03 respectively and substituting the words 'heading 9701' in paragraph 3(a), 'heading 9702' in paragraph 3(b) and 'heading 9703' in paragraph 3(c).

The reference to item 34 in Part 1 of Schedule 4 of the Customs Tariff, contained in sales tax exemption item 111A, will be omitted by clause 3 and replaced with a reference to item 21 in Part II of Schedule 4.

Clause 4 will remove from sales tax exemption sub-item 114(1) references to customs item 16 of Schedule 4.

Clause 5 proposes that sales tax exemption item 114B be amended by omitting 'item 11 in Part 1 of Schedule 4' and replacing it with 'item 8 in Part 1 of Schedule 4'.

By clause 6 the reference in sales tax exemption item 114C to item 11 in Part 1 of Schedule 4 is to be replaced by reference to item 8 in Part 1 of Schedule 4.

Paragraph (a) of sales tax exemption item 145 is amended by paragraph (a) of clause 7 which substitutes reference to paragraph (a) or (b) of item 32 in Part II of Schedule 4 to the Customs Tariff for the reference to former paragraph (a) or (b) of item 35 in Part 1 of Schedule 4.

Paragraph (b) of clause 7 omits from paragraph (b) of sales tax exemption item 145 reference to item 35 in Part 1 of Schedule 4 to the Customs Tariff and substitutes reference to item 32 in Part II of Schedule 4.

By subclause 4(5), the amendments proposed by Schedule 4 are to apply to transactions, acts and operations effected or done on or after the day on which the Customs Tariff Act 1987 comes into operation. This will ensure that the above amended references to customs items will have effect from the day on which the new 1987 Customs Tariff Act commences.











