

1990-91

**THE PARLIAMENT OF THE COMMONWEALTH OF
AUSTRALIA**

HOUSE OF REPRESENTATIVES

**SALES TAX (EXEMPTIONS AND CLASSIFICATIONS)
AMENDMENT BILL 1991**

SUPPLEMENTARY EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer,
the Hon. John Kerin, M.P.)

General Outline and Financial Impact of the Amendment

An amendment to the Bill is to be moved on behalf of the Government which will amend Sales Tax (Exemptions and Classifications) Amendment Bill 1991 to omit the proposed amendment of sub-item 123(1). This amendment will not have any impact on the revenue.

Explanation of the Amendment

Sub-clause 4(b) of the Bill omits the second test in sub-item 123(1) of the First Schedule to the Sales Tax (Exemptions and Classifications) Act 1935. This change was intended to be of a simplification nature only. The revenue implications were estimated to be negligible.

However, such a change could have a wider impact than originally anticipated, and there could be the potential for significant loss of revenue. For example, general purpose goods with minor modifications made expressly to enable use by persons with disabilities, may become exempt from sales tax, even though the goods are ordinarily sold to persons without disabilities. This could apply to a wide range of consumer goods such as televisions, refrigerators or motor vehicles.

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