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# Policy developments

## The New Tax System — ACCC role

On 8 July 1999 the New Tax System legislation was given Royal Assent. From 29 July 1999 the 32 per cent wholesale sales tax will fall to 22 per cent for many goods. Goods and services provided on or after 1 July 2000 will be subject to the GST, including those supplied under any new contracts made from the date of Royal Assent.

The new legislation includes provisions prohibiting price exploitation. Part VB of the Trade Practices Act creates the offence of price exploitation in relation to the New Tax System and confers a number of statutory responsibilities on the Commission. Businesses that engage in price exploitation face penalties of up to \$10 million for corporations and \$500 000 for individuals.

The Commission will actively and rigorously apply these provisions and monitor price changes in the market to determine whether price exploitation is occurring.

The Commission will monitor prices generally, before and after the introduction of the New Tax System, to gather information on price movements, identify trends, and identify areas where action is necessary.

It will also use information on price movements gained through a consumer hotline to investigate emerging price trends or individual companies that are clearly profiteering.

The Commission has issued guidelines on price exploitation to explain under what circumstances it will regard prices to be in breach of the new s. 75AU of the Act which creates the offence of price exploitation.

The Commission is developing an enforcement strategy to give business a clear warning as to when and how it will take action. It is working with the Australian Tax Office and other

agencies to ensure business receives a consistent message.

It is also developing a comprehensive business and consumer education campaign to inform consumers about the prohibition on price exploitation and to provide them with details about how to contact the Commission where they believe that businesses have exploited prices after the new tax system comes into effect.