

1993-94-95

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

**COMMONWEALTH AUTHORITIES (AUSTRALIAN CAPITAL TERRITORY
PAY-ROLL TAX) BILL 1995**

SUPPLEMENTARY EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer, the Honourable Ralph Willis, MP)

AN AMENDMENT TO BE MOVED ON BEHALF OF THE GOVERNMENT.



Commonwealth Authorities (Australian Capital Territory Pay-roll Tax) Bill 1995

General Outline and Financial Impact of the Bill and the Proposed Amendment

The Bill will place the pay-roll tax treatment of certain Commonwealth authorities operating in the ACT on a similar footing to those Commonwealth authorities operating in the States and Northern Territory. The amendment being moved by the Government will ensure that amounts paid as pay-roll tax to the ACT Government when there was no legal liability to pay them do not have to be refunded.

Date of Effect of Proposed Amendment: The amendment would take effect at the same time as the Bill, which is the day on which it receives Royal Assent.

Financial Impact: None

Clause to be Amended

Clause 6: Protects previous collections of amounts paid as pay-roll tax to the ACT Government. This will prevent Commonwealth authorities which have made payments to the ACT Government since 1 August 1987, but which had no legislative requirement to do so, from seeking a refund of the payments. If this was not done there could be an adverse impact on ACT revenues.

This clause is being amended following concerns that in its original form it may not have achieved its desired aim because of a technical fault. The original words used would have prevented a Commonwealth authority from recovering a payment to the ACT Government if the payment was for "tax payable under the *Payroll Tax Act 1987*". Since no tax was payable by a Commonwealth authority under that Act (that is why the Bill is required), the amendment may have failed. The new clause proposed will make it clear that monies collected by the ACT Government do not have to be refunded if they were merely paid on the presumption that they were for pay-roll tax.