

Joint Standing Committee on Treaties

Agreement between the Government of Australia and the Government of the Republic of Singapore concerning the Republic of Singapore Air Force Flying Training Institute Detachment at Royal Australian Air Force Base Pearce –
29 November 2017

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: JSCOT - Agreements on deployment of personnel, with Solomon Islands, and Air Force training with Singapore - 29 Nov 17 - Q2 - RSAF Dependants of Personnel - Robert

Question reference number: 2

Senator/Member: Stuart Robert

Type of question: Spoken, Hansard Pages 12-13

Date set by the committee for the return of answer: 15 December 2017

Question:

CHAIR: Article 19 exempts RSAF personnel and dependants from taxes and duties in connection with activities under the proposed agreement. What does that mean in reality? Say you've got a pilot here, with their spouse—who happens to be a lawyer—and their three kids, and they are here for a three-year posting. In reality, what does article 19 mean to that flight instructor and their family?

Mr Dewar: The flight instructor wouldn't be paying taxes and duties here. Their salary's being paid out of Singapore, so they're not taxed under the Australian taxation system.

CHAIR: So they're not double taxed.

Mr Dewar: Correct. In terms of the employment conditions—you're talking about a spouse possibly being employed and how the tax would be treated there, because it talks to the dependants?

CHAIR: Correct.

Mr Dewar: I might ask a colleague, if you can just give me one moment. Chair, in the scenario you're talking about, the exemptions from taxes and duties, if they want to import household goods and so on, for example, they don't have to pay duties on those. As for a dependant who was working and how they might be impacted by tax, I might have to take that on notice just to clarify income tax and other things. I can't give you a clear answer on how that might be. But the basic principle is that we're not going to be taxing Singapore for the activities related to this treaty.

...

Mr Dewar: Yes. The status of forces agreement does not talk about income tax for dependants, not that I can see here. I will need to take that on notice, with your permission, Chair, and just dig into that one. The intention is that, we're not taxing the people that are coming here, consistent with the SOFA. We're not seeking to charge them duty every time they bring in a new PC-21 or something like that.

Answer:

Article 19 (Taxes and Duties) of the proposed Agreement states:

‘Singapore, RSAF [Republic of Singapore Air Force] Personnel and Dependants shall be exempt from taxes and duties in connection with activities under this Agreement in accordance with the SOFA [*Exchange of Notes constituting a Status of Forces Agreement between the Government of Australia and the Government of the Republic of Singapore 1988*].’

The SOFA is a publicly available document, accessible on the Australian Treaties Database managed by DFAT (www.info.dfat.gov.au/TREATIES).

Dependants only receive the tax and duties privileges under the proposed Agreement as provided in the existing SOFA.

“Dependants” are defined in Article 1(Definitions) of the proposed Agreement as having the same meaning as in the SOFA, that is:

A person not ordinarily resident in Australia who is the spouse of a member of a Singapore force or civilian component or who is wholly or mainly maintained or employed by any such member, or who is in his custody, charge or care, or who forms part of his family.

Article 5 of the SOFA sets out the particular tax and duty privileges afforded to Dependants. In summary, these are:

- an entitlement to import personal effects, furniture and household goods (other than cigarettes, cigars, tobacco and spirituous liquors), and a motor vehicle, free of duty and sales tax, subject to particular conditions; and
- an exemption from Australian estate and gift duty laws relating to personal property being transferred to or from Dependants, subject to particular conditions.

Outside of the proposed Agreement and SOFA, the particular tax arrangements of such Dependants will be governed by Australian law, and any applicable double taxation agreements.