Date introduced: 19 August 1986
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P.,
Minister Assisting the
Minister for Finance

DIGEST OF BILL

Purpose

To amend a number of Sales Tax Acts particularly in relation to the treatment of computer software, in-built pools, film development and temporary imports for the Americas Cup and Bicentennial projects.

Background

In the Budget Speech the Treasurer announced a number of alterations to the sales tax area. The measures are designed to remove a number of anomalies as well as to increase revenue. In Budget Statement No. 4 the changes in wholesale sales tax are estimated to increase revenue by $283 million in 1986-87 and $358 million in a full year. The largest increase will come from the new tax on certain computer software that is estimated to raise $80 million in 1986-87 and $100 in a full year. The charge in relation to computer software is an attempt to offset the revenue effect of the practice of licencing the use of software rather than outright sale.

Main Provisions

The operative provisions of the Bill will have effect from 20 August 1986 (sub-clause 2(3)).

Clause 4 will amend the interpretation provisions of the Sales Tax Assessment Act (No. 1) 1930 (the Act). Amongst the amendments a definition of construction for a swimming pool (which does not include excavations or the provision of heating, lighting or pumping equipment) is
included, and the processing of photographic film or the copying of computer programs are included in the definition of manufacture. Swimming pool is defined to include spas pools and hot tubs. This will make such items subject to sales tax.

Clause 6 will amend section 18 of the Act to include a sale value for swimming pools. For swimming pools constructed on site, the sales tax value will be based on reasonable cost.

A new section 18B will be inserted into the Principal Act by clause 7 and will deal with computer software and other recorded sound or images. The new tax will apply to such goods that are either sold or held for retail sale. Where the goods have been sold, or deemed to have been sold, for valuable consideration and the sale value for tax purposes currently does not include the licence fee, clause 7 will include the value of the licence fee in the sale value. Where goods are held for sale, the sale value will be based on the valuable consideration that could reasonably be expected to be received for the sale of such items.

Clauses 10, 14, 18, 22, 27, 31, 35 and 39 will amend Sales Tax Assessment Acts Nos 2 to 9 to achieve the same purpose as clause 7.

Clause 8 will amend section 21 of the Act to allow the Commission to approve return forms and to request further information. Both matters are currently prescribed in the regulations. Clauses 11, 15, 19, 24, 28, 32, 36, 41 and 44 will perform the same amendments in Sales Tax Assessment Acts Nos 2 to 10.
Clause 47 will amend regulation 57A of the Sales Tax Regulations to exempt from sales tax goods imported under regulation 125A(2) of the Customs Regulation. This regulation applies to goods entered for less than 12 months for use in the Americas Cup or a Bicentennial project.

For further information, if required, contact the Economics and Commerce Group.

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LEGISLATIVE RESEARCH SERVICE