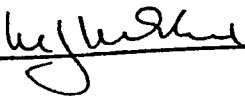


2000

 Clerk

**THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**Goods and Services Tax (Temporary Transitional Provisions)  
Bill**

**Government Amendments**

**Explanatory Memorandum**

**Circulated by authority of  
Gary Humphries MLA  
Treasurer**

# **Goods and Services Tax (Temporary Transitional Provisions) Bill**

## **Amendment 1**

This amendment permits the amendments to commence on 1 July 2000 (even if formal commencement cannot occur until after 1 July 2000).

## **Amendment 2**

This amendment is consequential on amendment 3.

## **Amendment 3**

*New Clause 4 (the 'prices provision')*

This amendment removes clause 4(b) from the presented Bill.

Clause 4 of the Act permits GST to be added to the price payable for a taxable supply where the amount is otherwise constrained by law. It applies where a price is set under legislation but it is not yet possible to assess what the GST component will be

For example, in relation to management related fees payable to guardians under a 1992 determination under section 75 of the *Guardianship and Management of Property Act 1991*, the prices provision would enable a guardian to charge not only the fee specified by the law but also any additional amount resulting from the GST. Under the federal scheme, that additional amount may be up to 10% of the fee, but in many cases the exact percentage is unknown (save to the supplier) and may differ from guardian to guardian.

Detailed consideration of tabled provision, shows that the amount of variance would amount to the full value of the GST payable for the taxable supply (as this concept sufficiently builds in offsetting concepts such as foregone wholesales or sales taxes).

The government amendment simplifies the provision and removes paragraph 4(b), which would have not permitted the full value of the GST payable to be passed on.

This provision sunsets under clause 6 of the Bill on 30 June 2001.

## **Amendment 4**

This amendment inserts new clauses 4A and 4B

*New clause 4A (the 'determination power')*

This amendment introduces a clause similar to the provision previously included in the Interpretation (Amendment) Bill 2000, but constrained to the GST. It provides that the GST may be included in a determination of a fee or charge.

The 'determination power' does not duplicate the 'prices power' (see amendment 3). The two provisions deal with slightly different situations. Under the determinations power, the GST is included *within* the determined fee. It makes it possible for Government to clearly set the fee to be paid by way of determination. Under the prices power, the GST can be added on *after* a price is set under an Act. This is clearly appropriate when Government does not have enough information to determine the amount that should be added to make provision for the GST. The provisions cannot be used together to charge GST twice (the ACT would be exposed to price exploitation action if this occurred).

This provision sunsets under clause 6 of the Bill on 30 June 2001.

*New clause 4B (dual pricing)*

Section 22 of the Fair Trading Act 1992 prohibits dual pricing (by ticket or advertising) of sale items. The change-over to GST on 1 July 2000 will impact on most prices in ACT shops and businesses and it may be impossible to change the price of these items (whether goods or services) overnight.

The proposed amendment will permit some dual pricing during this period (this is limited to changes arising in relation to GST dual pricing issues and not more generally).

The amendment is limited to a one month period (1 July to 1 August 2000).