

1998

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY
FINANCIAL INSTITUTIONS DUTY ACT 1987
FINANCIAL INSTITUTIONS DUTY REGULATION
EXPLANATORY STATEMENT**

Circulated by authority of the Chief Minister and Treasurer

Kate Carnell MLA

FINANCIAL INSTITUTIONS DUTY REGULATIONS (AMENDMENT)

EXPLANATORY STATEMENT

Summary

The *Financial Institutions Duty (Amendment) Act 1998* amends the *Financial Institutions Duty Act 1987* (the Principal Act). The amending Act was notified in the ACT Gazette on 30 September 1998. Under section 8 of the amending Act, provision is made for a receipt to be prescribed as a non-dutiable receipt.

Under section 28 of the Principal Act the Executive may make regulations not inconsistent with this Act.

The regulation allows receipts into Scorekeeping Accounts (SKAs) maintained by the Reserve Bank of Australia for use in the operation of the Real Time Gross Settlement System (RTGS), to be exempt from FID. The main objective of the Real Time Gross Settlement System is to contribute to the financial stability of the payments system among financial institutions. At the end of each day, the balance of the account must be transferred to another account of the same person, kept by the same financial institution on a daily basis. Transactions posted from these exempt accounts at the end of each day would however, be subject to normal financial institutions duty assessment.

Financial Implications

The operation of RTGS will result in some loss of FID revenue in all jurisdictions where the Reserve Bank has a presence. The impact on the ACT is expected to be minimal.

Details

Clause 1 - provides that these regulations commence on the day on which section 8 of the *Financial Institutions Duty (Amendment) Act 1998* commences.

Clause 2 - amends regulation 2 by inserting a new provision for exempting a receipt of money by a financial institution that holds an exchange settlement account with the Reserve Bank of Australia. In order for the financial institution to receive an exemption from FID on receipts of money into the financial institution's exchange settlement account, an instrument signed by the Commissioner must be in force.