

LEGISLATIVE ASSEMBLY RECORD
FOURTH QUARTER 2000

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THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY

FINANCIAL RELATIONS AGREEMENT CONSEQUENTIAL
AMENDMENTS BILL 2000

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendment moved by Gary Humphries MLA

Treasurer

Details of the amendment to the Financial Relations Agreement Consequential Amendments Bill 2000, moved by the Treasurer, Gary Humphries MLA

Summary

The amendments to the *Financial Relations Agreement Consequential Amendments Bill 2000* (the Bill) provide for certain provisions in the Bill to commence on 1 July 2000, so that the provisions relating to GST are effective from the introduction of GST. In this respect it is essential that:

- (i) sections 3, 18 and Part 4 of the Bill commence on 1 July 2000. These provisions ensure duty is not payable on that part of a hiring charge that represents the amount of GST paid to the Commonwealth on that charge, and the amount of GST payable on certain payroll tax service contract provisions is excluded from the calculation of the tax payable, from that date; and
- (ii) sections 24 and 24A commence on 1 July 2000 so that receipts of First Home Owner Grant payments direct credited to accounts of participating financial institutions and to accounts nominated by grant recipients are exempted from financial institutions duty (FID). This will ensure that eligible applicants receive the full amount of the grant payment.

The FID exemptions are within the spirit of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations, which requires each State and Territory to operate a uniform First Home Owners Scheme. All jurisdictions are in the process of providing similar exemptions.

As a result of the quantity of business before the Legislative Assembly during the sittings in June, that is, 27-29 June, the commencing of relevant provisions on 1 July 2000 is now not possible without their commencement being made retrospectively.

Amendment Notes

Clause 2, Page 1, line 1

This amendment omits the current commencement clause 2 in the Bill and substitutes a new commencement clause 2.

New Clause 2(1) provides for clauses 3, 18, 24, 24A and Part 4 to commence on 1 July 2000. These clauses and Part enable the amendments made in respect of hiring duty, financial institutions duty and payroll tax to commence on this date.

New Clause 2(2) provides for Part 2 (except clauses 3 and 18) and Part 3 (except for clause 24 and 24A) to commence on 1 July 2001. Parts 2 and 3 relate to the ceasing of duty on listed marketable securities and financial institutions duty, respectively, from this date.

Clause 14, Page 7, line 22

Amendment to subsection 96(1), proposed new definition of company, paragraph

(a) - the amendment to clause 14 omits the word “public” from the definition of “company” in the Bill. This amendment is necessary to align the provision with clause 17 of the *Duties Amendment Bill 2000 (No 3)*. Clause 17 will amend section 96 by removing the word “public” from the definition of company, before the provision at clause 14 of this Bill takes effect. The clause 17 change extends the definition of company to any company (both public and private) so that the capital reductions and alteration of rights provisions in that section apply to both public and private companies.

Proposed Clause 24A, Page 10, line 3

Clause 24A, Dutiable and non-dutiable receipts - this clause amends the *Financial Institutions Duty Act 1987* by inserting in subsection 6(2) after paragraph (r) new paragraph (ra). The new paragraph makes not liable to financial institutions duty (non-dutiable) three types of receipts of direct credit payments to an account held with a financial institution, the payments of which are made under the *First Home Owner Grant Act 2000* (the FHOG Act) or a corresponding State law. The non-dutiable receipts are:

- (i) the payment of a grant by the Commissioner (or State counterpart) to an account as directed by the grant recipient;
- (ii) the payment of grants by the Commissioner to an account of a “participating financial institution”, which is party to an agreement made under section 36 of the FHOG Act for processing and distributing FHOG grants; and
- (iii) the payment of a grant made by a participating financial institution to an account as directed by a grant recipient.

