

1992

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

FINANCIAL INSTITUTIONS DUTY ACT 1987

FINANCIAL INSTITUTIONS DUTY REGULATIONS (AMENDMENT)

EXPLANATORY MEMORANDUM

Circulated by authority of the
Chief Minister and Treasurer

Rosemary Follett, MLA

FINANCIAL INSTITUTIONS DUTY REGULATIONS (AMENDMENT)

Outline of amendment

Thomas Cook Limited conducts a range of foreign exchange services including buying and selling foreign exchange currency, Australian dollars, travellers cheques and other negotiable instruments. This is carried on under an order of exemption under the Banking Act 1959 of the Commonwealth.

2. Where a business of this nature is conducted by a bank or other financial institution the provisions of subsections 5(7) and (8) of the Financial Institutions Duty Act 1987 apply to exempt the transaction from FID. These provisions exempt the exchange of cash for cheque and cheque for cash by registered financial institutions. Thomas Cook Limited, not being a financial institution is required to pay duty on these receipts and is therefore disadvantaged compared with banks or other financial institutions conducting the same business.

3. Victoria, New South Wales, Western Australia and South Australia have recognised this inequity and have exempted Thomas Cook Limited from FID in respect of these activities. The ACT can exempt specific accounts from FID by regulation.

4. In order to place Thomas Cook Limited on an equal footing with registered financial institutions, the accounts used by Thomas Cook Limited for the purchase and sale of foreign currency, foreign currency notes and travellers cheques and foreign currency banking instruments are to be prescribed as exempt by this amendment to the Financial Institutions Duty Regulations.

Prescribed Accounts:

5. Clause 1 - amends Regulation 3 to include, as prescribed, an account operated by Thomas Cook Limited in the course of its foreign currency banking business, which it undertakes in accordance with Banking (Exemption) Order No.36 made under section 11 of the Banking Act 1959.

Commencement:

6. The regulation is to commence on the date it is gazetted.