

1994

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

RATES AND LAND TAX (AMENDMENT) BILL (No. 3) 1994

EXPLANATORY MEMORANDUM

Circulated by the authority of the Chief Minister and Treasurer

Rosemary Follett MLA

Rates and Land Tax (Amendment) Bill (No. 3) 1994

Summary

The Rates and Land Tax Act 1926 (the Act) provides for the levying, imposition and payment of rates and land tax on land in the Territory.

Currently rates and land tax may be paid in four equal quarterly instalments. The Act provides for the removal of the right to pay by instalment where a person fails to pay on time. This has the effect of making the full year's assessment due and payable immediately and interest is charged on the aggregate of that debt plus accrued interest and costs.

This Bill will amend the Act to enable rate and land tax payers to retain the right to pay by instalments in all circumstances. Therefore, if payment is not received by the due date, interest will apply to that amount plus interest and costs only. Any remaining instalments for the year will fall due and payable on their respective instalment day.

The amendments will apply from 16 November 1994. Any monies that were due and payable before that date will continue to be recovered under the provisions in force before 16 November 1994.

Financial Implications

It is stated in the report "Review of Aspects of ACT Rates" that the removal of the loss of instalment right process would result in a marginal reduction in the \$240,000 of interest currently raised and collected.

Details of the Bill are attached.

Details of the Rates and Land Tax (Amendment) Bill (No. 3) 1994

Title

Clause 1 - provides for the short title for this Act to be the Rates and Land Tax (Amendment) Act (No. 3) 1994 (the Act).

Commencement

Clause 2 - provides that sections 1 and 2 of the Act commence on the date of gazettal. Sections 3, 4 and 5 of the Act will have retrospective application and will commence on 16 November 1994.

Principal Act

Clause 3 - refers to the principal Act being amended as the Rates and Land Tax Act 1926.

Recovery of Rates

Clause 4 - amends section 22 of the Principal Act to provide that rates and land tax payers will no longer lose their right to continue to pay by instalments where they have failed to pay the amount payable by the due date.

Additionally, the clause provides that interest will only accrue on those monies which have not been paid by the due date. Currently where a person fails to pay an instalment by the due date the right to pay by instalment is forfeited, the whole of the unpaid portion of the assessment becomes due and payable and interest applies to that amount plus any interest and costs.

Insertion

Clause 5 inserts a new subsection 22(5). This is a transitional provision. The new subsection will ensure that any monies that were due and payable prior to 16 November 1994 will continue to be recoverable under the provisions in force at that time.