

**2013**

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

**REVENUE LEGISLATION (TAX REFORM) AMENDMENT BILL 2013**

**EXPLANATORY STATEMENT**

# **Revenue Legislation (Tax Reform) Amendment Bill 2013**

## **Summary**

The *Revenue Legislation (Tax Reform) Amendment Bill 2013* amends the *Land Tax Act 2004* and the *Rates Act 2004* to enact the Government's taxation reform agenda outlined in the 2012-13 Budget.

## **Overview**

The Government announced the ACT Taxation Reform Package *A fairer, simpler and more efficient taxation system* in the 2012-13 Budget to create a tax system that is sustainable for the Territory over the long term. The reform package outlined a five year reform plan for the Territory.

As part of the reforms, and more specifically in this Bill, commercial land tax was abolished. Changes were made to the calculation of general rates and non pensioners were provided with access to the Rates Deferral Scheme.

Commercial Land Tax is being abolished to simplify the taxation system and reduce red tape incurred by businesses. This Bill outlines changes made to remove references to commercial land tax in the *Land Tax Act 2004*.

General Rates is used as the base on which to replace revenue lost as a result of abolishing inefficient taxes. This Bill outlines changes made to remove reference to the tax free threshold in the calculation of general rates and Fire and Emergency Service Levy in the *Rates Act 2004*.

As a result of this Bill, the Rates Deferral Scheme will allow non pensioners who satisfy the age, asset, income and equity tests, to defer payments of their general rates.

## **Commencement Date**

The amendments will be effective from the day after the Bill's notification.

## **Details of the Revenue Legislation (Tax Reform) Amendment Bill 2013**

### **Clause Notes**

#### **Clause 1 – Name of Act**

This is a technical clause that provides the title of the Act. The name of the Act is *Revenue Legislation (Tax Reform) Amendment Act 2013*.

#### **Clause 2 – Commencement**

This Act commences on the day after its notification day.

#### **Clause 3 – Legislation amended**

This is a technical clause stating that the legislation being amended are the *Land Tax Act 2004* and the *Rates Act 2004*.

### **Schedule 1 Legislation amended**

#### **Part 1.1 Land Tax Act**

##### **Clause 1.1 – Omit section 9 (1) (c)**

Commercial land has been omitted from the types of land subject to land tax.

##### **Clause 1.2 – Omit section 9 (4),**

The definition of commercial land has been omitted.

##### **Clause 1.3 – Division 4.1 heading**

This clause omits the heading for Division 4.1.

##### **Clause 1.4 –Division 4.2**

Division 4.2 has been omitted as it contains references to land for commercial purposes, which has been abolished.

##### **Clause 1.5 – Dictionary, definition of “qualifying parcel of land”**

The definition of “qualifying parcel of land” is in reference to Division 4.2, which has now been omitted.

#### **Part 1.2 Rates Act 2004**

##### **Clause 1.6 – Section 14 (1)**

This clause omits the part of section 14 (1) that contains reference to the tax free threshold which has been removed in the calculation of general rates.

##### **Clause 1.7 – Section 14 (2)**

This clause omits the part of section 14 (2) that contain reference to the tax free threshold.

##### **Clause 1.8 – Section 14 (2), formula**

The formula for the calculation of general rates is amended to the remove tax free threshold.

Clause 1.9 – Section 14 (3), definition of “threshold amount”  
The definition of “threshold amount” has been deleted.

Clause 1.10 – Amend Section 34 (1)  
This clause substitutes the old Section 34 (1) which contained a subsection (b) that referenced the threshold amount.

Clause 1.11 – Section 34 (3), formula  
This clause removes the threshold amount (TA) from the formula for calculating general rates.

Clause 1.12 – Section 34 (4), definition of “threshold amount”  
The definition of “threshold amount” (TA) has been omitted.

Clause 1.13 – New section 46 (2) (f)  
This clause expands the eligibility criteria for rates deferral to include non pensioners who satisfy age, income, asset and equity tests.

Clause 1.14 – New section 46 (9) and (10)  
Subsection 9 clarifies that the income threshold determination made by the Minister under Section 46 (2) (f) is a disallowable instrument.

Clause 1.15 – New section 52 (1) (g)  
This clause provides that the Commissioner may revoke a rates deferral determination if the lessee does not meet the criteria as set out in Section 46 (2) (f).

Clause 1.16 – Section 52 (3), new definitions  
This clause inserts new definitions for the “determined percentage”, the “determined value”, “income” and the “income threshold amount”.

Clause 1.17 – Schedule 1, section 1.1 (2)  
The reference to the threshold amount (TA) has been omitted.

Clause 1.18 – Schedule 1, section 1.1 (2), formula  
The tax free threshold amount (TA) has been removed from the formula for the calculation of the Fire and Emergency Service Levy.

Clause 1.19 – Schedule 1, section 1.1 (3), definition of TA (threshold amount)  
The definition of the threshold amount has been omitted.

Clause 1.20 – Schedule 1, section 3.1 (3), formula  
The threshold amount has been omitted from the formula of the calculation of the Fire and Emergency Service Levy.

Clause 1.21 – Schedule 1, section 3.1 (4), definition of TA (or threshold amount)  
The reference to the threshold amount has been deleted from the definitions for the formula of the calculation of the Fire and Emergency Service Levy.