

REVENUE LAWS AMENDMENT BILL (NO. 2) 2008

Introduction and First Reading

Bill introduced, on motion by **Mr E.S. Ripper (Treasurer)**, and read a first time.

Explanatory memorandum presented by the Treasurer.

Second Reading

MR E.S. RIPPER (Belmont — Treasurer) [12.23 pm]: I move —

That the bill be now read a second time.

This bill includes the amendments necessary to implement the taxation administration measures that were announced on 8 May 2008 as part of the 2008-09 budget. Complementary amendments to effect changes to the land tax, metropolitan region improvement tax, duties and rates and charges legislation are contained in the Revenue Laws Amendment Bill 2008.

The amendments arising from the major multilateral project with other states and territories to make eight areas of payroll administration more consistent, announced in the budget, are included in the Pay-roll Tax Assessment Amendment Bill 2008.

The amendments proposed in this bill are principally to the Taxation Administration Act 2003 and seek the legislative changes necessary to implement four recommendations of the state tax review. An explanatory memorandum accompanies the bill and provides a detailed guide to the operation of the new provisions. The amendments in part 2 of the bill deal with recommendation 2.8.4 of the state tax review report and will enable the Commissioner of State Revenue to place a memorial on mining tenements to secure an amount of unpaid stamp duty. Consequential amendments to the Mining Act 1978 are also proposed.

The bill also seeks to ensure that the existing Taxation Administration Act memorial provisions that apply in relation to outstanding land tax can be applied to secure land tax liabilities that arise and remain unpaid for assessment years subsequent to that in which the memorial was lodged.

Part 3 of the bill seeks to implement three state tax review recommendations. The bill seeks to give effect to recommendation 2.8.2 of the state tax review report, which proposed that the Commissioner of State Revenue be provided with a power to make a compromise assessment in certain circumstances. This power is supported by amendments that ensure the commissioner has the general administration of the taxation acts and the First Home Owner Grant Act.

Recommendation 2.8.5 of the State Tax Review seeks to ensure that verbal approval for extensions of time of one month or less to pay land tax are supported. Recommendation 2.8.6 of the State Tax Review concerns the introduction of a mechanism to improve the administration of small tax credits.

Part 3 of the bill also includes an amendment to the Taxation Administration Act to introduce a power that will allow the Commissioner of State Revenue to administer legislative changes that are advantageous to taxpayers in the period between announcement of an initiative and the passage of amending legislation by Parliament, where it is intended that the relief be provided from the date of the announcement. Amendments to taxation statutes to give tax relief often commence from 1 July, to coincide with the commencement of a financial year. However, in recent years adjustments to increase first home owner stamp duty thresholds and to reduce conveyance duty rates have commenced from either the date of the budget announcement or another specified date. Commencing relief from a date of announcement is beneficial to taxpayers, as they do not have to delay entering into transactions until a future date to obtain the benefit of lower rates, higher thresholds or simple exemptions.

However, many taxpayers do not realise that despite the relief being backdated to the announcement date, the Commissioner of State Revenue is not empowered to administer the state's laws on the basis of a government announcement, and as a result must charge tax at the higher amount until amending legislation is passed. In the past few years stamp duty budget announcements have translated into a belief by the majority of taxpayers that as long as they enter into a transaction after the specified date, the requirement to pay a lesser amount, or in some cases nothing, is immediately effective. As many members are aware from representations made to them by their own constituents, taxpayers became upset because they have to seek short-term finance to pay their stamp duty, only to have the amount refunded to them once the legislation has been passed by Parliament. This situation can be overcome by the introduction of appropriate legislation, thereby ensuring that taxpayers do not shoulder the cost of an inefficient government process.

The proposed amendments to the Taxation Administration Act seek to provide the minister with the power to determine, by notice published in the *Government Gazette*, that certain specified provisions in a bill are operative as if they were enacted at the date of the notice. In introducing these provisions, I appreciate that such a power

needs to be subject to restrictions to ensure that it is appropriately used. These restrictions include that the notice would cease to have effect from the earlier of when the bill receives royal assent; the notice is revoked by the minister by notice published in the *Government Gazette*; six months expires from the date the notice came into force; the amending bill is defeated in either house of Parliament; or the Legislative Assembly expires or is dissolved before the amending bill has been passed by both houses of Parliament. It is also recognised that during the time a notice is in operation, the amended rates or thresholds of tax may be difficult to locate and require notices to be searched in the *Government Gazette* to determine the correct tax rates or thresholds. To provide for these circumstances, the Office of State Revenue will do everything possible to ensure the rates and thresholds are clearly published on the departmental website, incorporated into tax calculators and online systems, and otherwise disseminated as widely as possible.

The bill also includes powers that set out what occurs in the event that the provisions specified as pre-enactment provisions are amended in this place. This process is designed on the basis that the pre-enactment provisions are, by their very nature, likely to be in a bill that section 46 of the Constitution Acts Amendment Act 1899 applies to, which cannot be amended by the other place. These powers, if enacted, will ensure that taxpayers in this state receive the full benefit of reduced taxes intended as soon as possible.

Part 4 of the bill contains a number of amendments to other acts. The Duties Act 2008 and the Petroleum and Geothermal Energy Resources Act 1967 have been updated to correct references to superseded or updated legislation. The final amendment is to the Rates and Charges (Rebates and Deferments) Act 1992. This act authorises local governments and other administrative authorities, such as the Water Corporation, to provide rebates to eligible customers. Such authorities then claim the relevant amounts from the government as part of the community services obligation arrangements. Under the act, administrative authorities are required to pay compensation to a person who has suffered damage, loss or injustice in certain circumstances. The act sets out processes to be followed in these certain situations by an administrative authority that is a local government or accountable authority as defined in the Financial Management Act 2006. However, as the Water Corporation is neither a local government nor an accountable authority as defined, it is not clear what processes it should follow. A minor amendment is proposed to ensure that provision is made for any other type of administrative authority—which would include the Water Corporation—to make the necessary adjustment by way of payment, waiver or deferral.

I commend the bill to the house.

Debate adjourned, on motion by **Dr S.C. Thomas**.