

EXPLANATORY MEMORANDUM

Racing and Wagering Western Australia Tax Amendment Bill 2006

OVERVIEW

To manage introduction of the new taxation regime proposed for Racing and Wagering Western Australia's (RWWA) off-course racing totalisator wagering, two separate Bills have been prepared –

- *Racing and Wagering Western Australia Tax Amendment Bill 2006*; and
- *Racing and Wagering Legislation Amendment Bill 2006*.

Only the *Racing and Wagering Western Australia Tax Amendment Bill 2006* is summarised in this Explanatory Memorandum.

The purpose of the *Racing and Wagering Western Australia Tax Amendment Bill 2006* (the Bill), is to change the method of taxation for off-course racing totalisator wagering, effective from 1 July 2007.

Consistent with the methodology applying to Burswood in relation to casino tax payable on electronic gaming machine revenue, it proposed to change the methodology for RWWA's off-course racing totalisator wagering from that currently based on turnover to one based on gross profit and set the rate of taxation at 11.91 per cent, which is net of GST. Under the current taxation arrangement the GST is being rebated to RWWA.

The Bill amends the *Racing and Wagering Western Australia Tax Act 2003*, so that from 1 July 2007, the rate of taxation is set at 11.91 per cent and defines "gross revenue" for off-course racing wagers in order to determine the appropriate tax payable.

In this regard, gross revenue will be the difference between all moneys paid to RWWA in respect to off-course racing totalisator wagers and all money paid by RWWA as winnings in respect of those wagers. When compared to the current taxation method of 5 per cent of turnover, the new taxation regime will effectively reduce the taxation rate to the equivalent of 3.5 per cent.

RACING AND WAGERING WESTERN AUSTRALIA TAX AMENDMENT BILL 2006

CLAUSE NOTES

<u>Clause 1:</u>	Cites the <i>Racing and Wagering Western Australia Tax Amendment Act 2006</i> as being the short title of this Act.
<u>Clause 2:</u>	Specifies that this Act will come into operation on the day the <i>Racing and Wagering Legislation Amendment Act 2006</i> comes into operation, that is 1 July 2007.
<u>Clause 3:</u>	Specifies that the amendments in this Act are to the <i>Racing and Wagering Western Australia Tax Act 2003</i> (the Tax Act).
<u>Clause 4:</u>	Amends section 3 of the Tax Act to provide the definitions of “gross revenue” and “off-course wager” to support the change in the taxation methodology for off-course racing totalisator wagering.
<u>Clause 5:</u>	<p>Amends section 4 of the Tax Act to fix the rate of taxation at 11.91 per cent of the gross revenue received by RWWA in respect to off-course racing totalisator wagering.</p> <p><u>Note:</u> The rate of taxation is set net of GST.</p>