

**TAXATION ADMINISTRATION (CONSEQUENTIAL PROVISIONS)
(TAXING) BILL 2001**

EXPLANATORY MEMORANDUM

This Explanatory Memorandum provides detailed notes on the operation of each clause of the Taxation Administration (Consequential Provisions) (Taxing) Bill 2001. The provisions of this Bill have been separated from the Taxation Administration (Consequential Provisions) Bill 2001 on the basis that the amendments could be considered to impose taxation, and are therefore required to be in a separate Bill under section 46(7) of the Constitution Acts Amendment Act 1899.

PART 1 - PRELIMINARY

Clause 1: Short title

This clause provides that the Act is to be cited as the Taxation Administration (Consequential Provisions) (Taxing) Act 2001.

Clause 2: Commencement

This clause provides for the Act to operate on the day on which the Taxation Administration Act 2001 comes into operation. A combined operation date for both Acts is necessary as the Taxation Administration Bill contains the relevant administrative provisions applicable to metropolitan region improvement tax.

Clause 3: Relationship with other Acts

This provision is a general interpretation provision relevant to the application of the Taxation Administration Act 2001.

It combines the Taxation Administration Act 2001 and this Act, so that they can be read as if they constituted one Act.

Clause 4: Meaning of terms used in this Act

This clause provides the status of the Glossary at the end of the Taxation Administration Act, insofar as it includes terms that are used in this Act or affects the meaning of the Act. It also notes that the Glossary may affect the operation of other provisions.

PART 2 – METROPOLITAN REGION IMPROVEMENT TAX ACT 1959 AMENDED

Clause 5: The Act amended

This clause identifies that the amendments in Part 2 are to the Metropolitan Region Improvement Tax Act 1959.

Clause 6: Section 7 amended

This clause amends section 7 of the Metropolitan Region Improvement Tax Act to limit the application of the section so that it does not extend beyond the year of assessment ending on 30 June 2001. This is necessary as section 7 refers to the Land Tax Assessment Act 1976 which the Taxation Administration (Consequential Provisions) Bill 2001 proposes to repeal.

Clause 7: Section 8 inserted

This clause inserts a new section 8 into the Metropolitan Region Improvement Tax Act to specify that for the year of assessment commencing on 1 July 2002 and subsequent years, metropolitan region improvement tax will be imposed on the unimproved value of the land according to the valuation in force under the Valuation of Land Act 1978 at midnight on 30 June in the previous financial year.

PART 3 – STAMP ACT 1921 AMENDED

Clause 8: The Act amended

This clause identifies that the amendments in Part 3 are to the Stamp Act 1921.

Clause 9: Section 112P amended

This clause inserts a new subsection 112P(3). New subsections 112P(1) and (2) have been inserted by the Stamp Amendment Bill 2001.

Subsection (3) is the charging provision that ensures a dutiable statement prepared under section 112P is subject to duty. Unlike most other dutiable statements, where the rate of duty that is imposed is specified in the Second Schedule, the rate of duty payable on a dutiable statement is specified under this subsection.

The amount of duty payable under paragraph (a) is set at 1.8% of the amount that is or will be payable for the use of the goods.

Where that amount is not capable of being determined, paragraph (b) requires that an amount of \$20 be paid and further duty remitted on 31 August in each further year in respect of the amount paid for the use of the goods during that year. Such an arrangement would continue until all the duty payable on the dutiable statement is paid.

Clause 10: Second Schedule amended

This clause deletes and replaces two items from the Second Schedule to the Stamp Act.

Subclause (1) replaces item 4A of the Second Schedule. This is to ensure the terminology is consistent with Part IVA of the Stamp Act, which has been repealed and replaced by the Stamp Amendment Bill 2001.

New item 4A provides that duty is payable on the conveyance or transfer of an unlisted WA security (which is defined in proposed section 100 of the Stamp Act) at the rate of \$0.60 per \$100 or part thereof on the amount or value of the consideration. It also provides that the transferee is liable to pay the duty, or in the case of an overseas transfer, the issuer is liable.

Subclause (2) replaces item 6 of the Second Schedule to correct an anomaly. This item applies to a conveyance or transfer of any kind not described elsewhere in the Schedule. However, it provided that duty was payable at the lesser of \$20 or the same duty as for item 4 or 4A. As duty is not payable under those items, the item has now been amended to correctly refer to the duty that would be payable if the conveyance or transfer was chargeable under that item. For example, section 112UD provides that no duty higher than that in item 6 is to be paid. If a share in a WA company were being transferred under that section and its market value was \$1.00, the duty payable would be \$0.60, rather than \$20.00.