

REPORT FOR TABLING IN PARLIAMENT

SECTION 134 OF THE TAXATION ADMINISTRATION ACT

REPORT TO PARLIAMENT IN ACCORDANCE WITH SECTION 134 OF THE TAXATION ADMINISTRATION ACT 2003

Division 6 of Part 10 of the *Taxation Administration Act 2003* (the Act) came into operation on 28 June 2008 and provides a framework for the early operation of certain amendments to taxation Acts as pre-enactment provisions.

Section 134 of the Act requires the responsible Minister to carry out a review of the effectiveness of that Division following the fifth anniversary of commencement of the provisions, and each successive five-yearly interval after that anniversary, and cause a report based on the review to be laid before each House of Parliament.

On 4 December 2013, the then Minister for Finance tabled a report on the operation of the pre-enactment provisions for the five-years to 28 June 2013. That report contained details of the two instances the pre-enactment provisions had been applied, and concluded the provisions had been used effectively on both occasions.

This report is for the five-year period to 28 June 2018.

Background

The pre-enactment provisions were introduced by the *Revenue Laws Amendment Act (No. 2) 2008* to improve the efficiency of government processes when seeking to provide tax relief to taxpayers.

It is common for changes to taxation legislation to have a commencement date prior to the passage of the legislation as several taxes, such as payroll tax and land tax, are annualised requiring a commencement date from the beginning of a financial year. Furthermore, transfer duty concessions generally apply from an announced date to minimise the distortion of the market.

The pre-enactment provisions provide a mechanism to allow the early commencement of amendments pending passage of a Bill.

The responsible Minister has the power to determine a pre-enactment provision by notice published in the *Government Gazette*. Such a determination permits the Commissioner to administer the amendments from the date of publication of the notice as if the amendments had been enacted.

Application

To ensure the powers are appropriately exercised, the determination by the Minister is limited to the following circumstances:

- a reduction in an amount or rate of tax (including by reducing it to zero);
- a change or a removal of a tax threshold;
- an expansion of the class of persons, acts, matters or things in respect of whom or which a concession or exemption applies;
- an introduction of a concession or exemption; or
- a change that will have the same effect as amendments of a kind described above.

A pre-enactment notice ceases to have effect from the earlier of when:

- the amending Bill receives the 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;
- the Legislative Assembly expires or is dissolved before the amending Bill has been passed by both Houses of Parliament; or
- a resolution by either House of Parliament is passed disallowing the notice.

Having regard to the nature and characteristics of the pre-enactment provisions, section 134 was introduced to review their operation and effectiveness.

Pre-enactment determination notices issued

There were no pre-enactment provisions determined in the five-year period from 28 June 2013.

Effectiveness of the pre-enactment framework

The previous report on the operation of these provisions found that, when they were invoked, it resulted in benefits to taxpayers and increased efficiency in government processes.