



New South Wales

Gaming Machine Tax Amendment Bill 2011

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to amend the *Gaming Machine Tax Act 2001* (the ***Principal Act***) as follows:

- (a) to reduce the gaming machine tax rates payable by registered clubs,
- (b) to rename the community development and support expenditure (CDSE) tax rebate scheme as “ClubGRANTS”,
- (c) to increase the tax rebate available to a registered club under that scheme from 1.5% to 1.85% of the club’s prescribed profits (being a club’s gaming machine profits that exceed \$1,000,000 during any tax year),
- (d) to create a new category of community development and support projects and services (Category 3 projects and services) for large scale projects or services associated with sport, health or community infrastructure and to apply 0.4% of registered clubs’ prescribed profits towards a fund for such projects and services,
- (e) to make other consequential, savings and transitional amendments.

The effect of the amendments referred to in paragraphs (c) and (d) is that amounts equalling 2.25% of registered clubs' prescribed profits in every tax year are to be returned to the community from gaming machine tax receipts through ClubGRANTS (being 1.85% to clubs as ClubGRANTS tax rebates and 0.4% as payments to the ClubGRANTS Fund on behalf of clubs).

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on 1 September 2011.

Schedule 1 Amendment of Gaming Machine Tax Act 2001 No 72

Reduction of gaming machine tax rates for registered clubs

Schedule 1 [4] reduces the gaming machine tax payable by registered clubs for the 2011 and subsequent tax years. **Schedule 1 [3]** makes a consequential amendment.

At present, the tax rates range from 10% of gaming machine profits to 30.9% of gaming machine profits, with the first \$200,000 of profits being tax free. **Schedule 1 [4]** provides for tax rates in the 2011 tax year and subsequent tax years ranging from 10% of gaming machine profits to 28.4% of gaming machine profits. The first \$200,000 of profits remains tax free.

Renaming community development and support expenditure (CDSE) tax rebate scheme as "ClubGRANTS"

Schedule 1 [5], [9], [11] and [13] amend various provisions of the Principal Act to rename the community development and support expenditure (CDSE) tax rebate scheme as "ClubGRANTS".

Increase of tax rebate available to a registered club

Schedule 1 [7] increases the tax rebate available to a registered club under ClubGRANTS from 1.5% to 1.85% of the club's prescribed profits (being a club's gaming machine profits that exceed \$1,000,000 during any tax year). **Schedule 1 [1], [2], [8] and [12]** make consequential amendments.

Creation of new ClubGRANTS category

Schedule 1 [6] and [10] create a new category of community development and support projects and services under the ClubGRANTS scheme (to be called Category 3 projects and services) for large scale projects or services associated with sport, health or community infrastructure. The ClubGRANTS guidelines (formerly CDSE guidelines) will define Category 3 projects and services. That definition is to be settled in consultation with Clubs NSW.

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Schedule 1 [10] establishes the ClubGRANTS Fund and provides that amounts equal to 0.4% of each registered club's prescribed profits (being a club's gaming machine profits that exceed \$1,000,000 during any tax year) are appropriated from the Consolidated Fund to the ClubGRANTS Fund for such Category 3 projects and services. Registered clubs may also pay amounts into the ClubGRANTS Fund.

Savings and transitional provisions

Schedule 1 [14] and [15] make amendments of a savings and transitional nature.

First print



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Gaming Machine Tax Amendment Bill 2011

No. , 2011

A Bill for

An Act to amend the *Gaming Machine Tax Act 2001* to make further provision in relation to gaming machine tax payable by registered clubs and the rebate available to those clubs for certain spending for community development and support; and for other purposes.

The Legislature of New South Wales enacts:	1
1 Name of Act	2
This Act is the <i>Gaming Machine Tax Amendment Act 2011</i> .	3
2 Commencement	4
This Act commences on 1 September 2011.	5

Schedule 1	Amendment of Gaming Machine Tax Act	1						
	2001 No 72	2						
[1]	Section 15 Instalment rate for registered clubs	3						
	Omit “1.5” from section 15 (4). Insert instead “1.85”.	4						
[2]	Section 15 (4), note	5						
	Omit “tax rate 2 becomes 19.5, instead of 21”.	6						
	Insert instead “tax rate 2 becomes 18.05, instead of 19.9”.	7						
[3]	Section 15A Tax rates for registered clubs	8						
	Omit “2007 and subsequent tax years” from Table 1 to the section.	9						
	Insert instead “2007–2010 tax years”.	10						
[4]	Section 15A, Table 1	11						
	Insert at the end of the Table:	12						
	<table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 10px;">2011 and subsequent tax years</td> <td style="padding-right: 10px;">10.0</td> <td style="padding-right: 10px;">19.9</td> <td style="padding-right: 10px;">24.4</td> <td style="padding-right: 10px;">26.4</td> <td>28.4</td> </tr> </table>	2011 and subsequent tax years	10.0	19.9	24.4	26.4	28.4	
2011 and subsequent tax years	10.0	19.9	24.4	26.4	28.4			
[5]	Section 16 ClubGRANTS	13						
	Omit “(the <i>CDSE guidelines</i>)” and “CDSE guidelines” wherever occurring.	14						
	Insert instead “(the <i>ClubGRANTS guidelines</i>)” and “ClubGRANTS guidelines”, respectively.	15 16						
[6]	Section 16 (3A)	17						
	Insert after section 16 (3):	18						
	(3A) Provisions of the ClubGRANTS guidelines that from time to time define the terms <i>Category 3 projects and services</i> for the purposes of section 17A are to be settled in consultation with Clubs NSW.	19 20 21 22						
[7]	Section 17 Tax rebate for ClubGRANTS expenditure	23						
	Omit “1.5%” from section 17 (2). Insert instead “1.85%”.	24						

[8] Section 17 (2), note	1
Insert after section 17 (2):	2
Note. The combined effect of this subsection and the operation of section 17A (5) (that forwards 0.4% of the prescribed profits of each registered club to the ClubGRANTS Fund on behalf of clubs) is that the effective tax rebate rate is 2.25%.	3 4 5 6
[9] Section 17 (3) and (4)	7
Omit “CDSE Local Committee”, “CDSE guidelines” and “ <i>CDSE Local Committee</i> ” wherever occurring.	8 9
Insert instead “ClubGRANTS Local Committee”, “ClubGRANTS guidelines” and “ <i>ClubGRANTS Local Committee</i> ”, respectively.	10 11
[10] Section 17A	12
Insert after section 17:	13
17A ClubGRANTS Fund	14
(1) There is established in the Special Deposits Account an account to be called the ClubGRANTS Fund (<i>the Fund</i>).	15 16
(2) The Fund is to be administered by the Director-General of the Department of Trade and Investment, Regional Infrastructure and Services.	17 18 19
(3) The following is to be paid into the Fund:	20
(a) money paid into the Fund under subsections (5) and (6),	21
(b) money advanced to the Fund by the Treasurer,	22
(c) the interest and any other amounts from time to time accruing from the investments of the Fund,	23 24
(d) other money required or permitted to be paid into the Fund by or under this or any other Act.	25 26
(4) There is payable from the Fund:	27
(a) expenditure approved by the Minister administering the <i>Registered Clubs Act 1976</i> to support and develop, by way of grant, large scale projects or services associated with sport, health or community infrastructure that are defined in the ClubGRANTS guidelines as Category 3 projects and services,	28 29 30 31 32 33
(b) administrative expenses incurred in relation to the Fund,	34
(c) money that is directed to be paid from the Fund by or under this or any other Act.	35 36

(5)	There is to be paid, without further appropriation than this Act, into the Fund out of the Consolidated Fund, within 1 month after the end of each tax year for registered clubs, an amount equal to 0.4% of the prescribed profits of each registered club during the tax year.	1 2 3 4 5
(6)	A registered club may pay amounts of money into the Fund.	6
(7)	In this section, <i>prescribed profits</i> has the same meaning as in section 17.	7 8
[11]	Schedule 1, heading	9
	Omit “ guidelines on Community Development and Support Expenditure (CDSE) Scheme ”.	10 11
	Insert instead “ ClubGRANTS guidelines ”.	12
[12]	Schedule 1, clause 1 (b), note	13
	Insert after clause 1 (b):	14
	Note. The effect of section 17 (2) of the Act and this clause is that a registered club may not claim a tax rebate for amounts applied to Category 2 projects and services that exceed 1.1% of the prescribed profits of the club.	15 16 17 18
[13]	Schedule 1, clauses 3 (Community priorities identified by ClubGRANTS Local Committees), 4 and 5	19 20
	Omit “CDSE” wherever occurring. Insert instead “ClubGRANTS”.	21
[14]	Schedule 2 Savings and transitional provisions	22
	Insert at the end of clause 1 (1):	23
	<i>Gaming Machine Tax Amendment Act 2011</i>	24
[15]	Schedule 2, Part 5	25
	Insert at the end of the Schedule:	26
	Part 5 Provisions consequent on enactment of Gaming Machine Tax Amendment Act 2011	27 28
	8 Definition	29
	In this Part, <i>amending Act</i> means the <i>Gaming Machine Tax Amendment Act 2011</i> .	30 31

9	ClubGRANTS appropriation does not apply to 2010–2011 tax year	1
	Section 17A (5), as inserted by the amending Act, does not apply to the tax year for registered clubs commencing on 1 September 2010.	2 3 4
10	Renaming of the Community Development and Support Expenditure (CDSE) Scheme as ClubGRANTS	5 6
	For the avoidance of doubt:	7
	(a) CDSE guidelines in force immediately before the commencement of the amending Act are taken to be ClubGRANTS guidelines, and	8 9 10
	(b) each CDSE Local Committee in existence immediately before the commencement of the amending Act is taken to be a ClubGRANTS Local Committee established under the ClubGRANTS guidelines.	11 12 13 14