

[Act 1996 No 55]



New South Wales

State Revenue Legislation Amendment (Howard and Costello) Bill 1996

Explanatory note

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

Overview of Bill

The objects of this Bill are:

- (a) to increase the rates of land tax and stamp duty for motor vehicle certificates of registration for a limited period, and
- (b) to treat employer superannuation contributions as wages for the purpose of assessing pay-roll tax but to reduce the rate of pay-roll tax in two stages.

The period referred to in paragraph (a) will conclude at the end of 1998, unless this is altered by proclamation. The period can be shortened or extended, depending on whether the following three conditions are satisfied:

* Amended in committee—see table at end of volume.

- the Commonwealth has ended the requirement for special revenue assistance payments by States and Territories, and
- the funding formula (as agreed at the Premier's Conference on 14 June 1996) for financial assistance grants is operative, and
- arrangements (as agreed at the meeting of the Council of Australian Governments on 11 April 1995) with respect to national competition payments are operative.

The second of the stages referred to in paragraph (b) will be the end of 1998, unless this is extended by proclamation for 12 months, depending on whether those three conditions are satisfied.

Outline of provisions

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

Clause 2 provides for the commencement of the proposed Act on the date of assent, except for the amendments to the *Stamp Duties Act 1920*. Some provisions being inserted by the Bill contain operative dates.

Clauses 3-5 are formal provisions giving effect to the Schedules of amendments.

Schedule 1 Amendment of Land Tax Act 1956

Proposed section 3AF increases the rate of land tax from 1.5% to 1.65% with effect from the 1997 land tax year. Proposed section 3AG re-instates the existing rate at the end of 1998 or another proclaimed year.

Schedule 2 Amendment of Pay-roll Tax Act 1971

The Schedule includes employer superannuation contributions within the definition of *wages* for the purposes of the Act, and reduces the level of pay-roll tax from 7% to 6.85% with effect from 1 July 1996. The rate will be further reduced to 6.7% with effect from 1 January 1999 or (if a proclamation so provides) 1 January 2000.

Schedule 3 Amendment of Stamp Duties Act 1920

Part 1 of the Schedule increases the rate of stamp duty for motor vehicle certificates of registration from 2.5% to 3% with effect from 1 July 1996. Part 2 of the Schedule re-instates the existing rate on 1 January 1999 or another proclaimed date.