

1988

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

DEPARTURE TAX AMENDMENT BILL 1988

DEPARTURE TAX COLLECTION AMENDMENT BILL 1988

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Transport and
Communications, Senator the Hon Gareth Evans, QC)

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GENERAL OUTLINE

The purpose of these Bills is to amend the Departure Tax Act 1978 and the Departure Tax Collection Act 1978. The principal amendments are designed to reduce departure tax to \$10 per adult passenger and to relieve the international airlines of the responsibility for collection of departure tax. The Government has decided these arrangements should operate from 1 July 1988.

2. The principal amendments are in Clause 3 of the Departure Tax Act (amending the rate of departure tax) and in the Departure Tax Collection Act Clause 4 (allowing the Government to appoint an approved agent to collect the tax) and Clause 5 (repealing responsibilities of international air operators).
3. The Departure Tax Collection Act 1978 provides for regulations to be made governing the sale of departure tax stamps and the issue of exemption stamps by the airlines on the Commonwealth's behalf. The airlines have appointed Australia Post to be their agent for collection of the tax, and the regulations will be amended to reflect the Government's intention that Australia Post now be the Commonwealth's agent in collecting the tax.

FINANCIAL IMPACT STATEMENT

4. The proposals put forward in these Bills will involve collection costs of an estimated \$2.5 million per annum to be provided by the Department of Transport and Communications. The Department will retain Australia Post on an agency basis for collection of the tax, for which Australia Post will charge a fee.
5. The Bills will involve minor staffing and administrative costs for the Department of Transport and Communications, which are included in the above estimate.
6. While all non-exempt passengers departing Australia will continue to be obliged to pay departure tax, the proposed amendments will have a negative impact on current departure tax revenue due to the lowering of the tax rate. Estimated net revenue per annum, after the \$2.5 million collection costs are deducted, is in the order of \$34.4 million in 1988/89, \$38.6 million in 1989/90 and \$43.1 million in 1990/91.

NOTES ON INDIVIDUAL CLAUSES

DEPARTURE TAX AMENDMENT BILL 1988

Clause 1 : Short Title

Clause 2 : Commencement

7. The provisions of the Bill shall come into operation on 1 July 1988.

Clause 3 : Principal Act

8. Section 6 of the Principal Act is amended by omitting \$20 and substituting \$10 as the rate of tax imposed in respect of the departure of a person from Australia.

DEPARTURE TAX COLLECTION AMENDMENT BILL 1988

Clause 1 : Short Title

Clause 2 : Commencement

9. The provisions of the Bill shall come into operation on 1 July 1988.

Clause 3 : Interpretation

10. Section 3 of the Principal Act is amended by omitting definitions as required to reflect the transfer of responsibility for sale and issue of tax and exemption stamps to passengers. The opportunity has also been taken to delete the definition of "master", as the term appears nowhere else in the Act.

Clause 4 : Tax Stamp and Exemption Stamps

11. Section 11 of the Principal Act is amended by omitting references to "international air operators or (by) other bodies or persons" and substituting "(by) approved agents". The Clause ensures that regulations can be made governing the supply of tax and exemption stamps to approved agents, the terms and conditions under which stamps are so supplied, and the sale and issue of stamps by approved agents. The Clause also provides for the issue of refunds by the Commonwealth or an approved agent and enables the Commonwealth to reimburse approved agents who make refunds for unused tax stamps to passengers.

Clause 5

12. Sections 11A, 11B and 11C of the Principal Act are repealed to reflect transfer of responsibility for sale and issue of tax and exemption stamps to passengers from international air operators to "approved agents".

Clause 6 : Regulations

13. Section 15 of the Principal Act is amended to provide for Regulations to be made allowing approved agents to be appointed to sell tax stamps and issue exemption stamps to passengers. This Clause will enable the appointment of Australia Post as an approved agent.