



Speech by

Hon. D. HAMILL

MEMBER FOR IPSWICH

Hansard 26 October 1999

REVENUE LAWS AMENDMENT BILL

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (12.30 p.m.): I move—

"That the Bill be now read a second time."

The Revenue Laws Amendment Bill 1999 effects a number of important changes to the State's revenue legislation, including those necessary to implement the revenue initiatives announced in the State's 1999-2000 Budget. Over a number of years, changing trends in labour market salary and wage arrangements have increasingly seen employer superannuation contributions make up a significant component of remuneration packages, often replacing wage rises. This trend has primarily been driven by the Commonwealth's requirement under the Superannuation Guarantee (Administration) Act 1992 that employers pay a certain level of superannuation contributions on behalf of their employees.

Queensland is the only State not to include all superannuation contributions in its payroll base, with payroll tax currently only applying to superannuation contributions made on behalf of an employee as part of salary sacrifice arrangements. To ensure equity in the treatment of arrangements offered by employers and to address salary structuring arrangements designed to avoid payroll tax, the 1999-2000 State Budget announced that employer superannuation contributions would be included in the payroll tax base from 1 January 2000. To ensure that payroll tax applies to all contributions made for services performed or rendered from 1 January 2000, any payments made between the Budget announcement on 14 September 1999 and 1 January 2000 for services on or after 1 January 2000 will also be liable.

In accordance with this Government's commitment to maintaining Queensland's low tax status, the Budget announced reductions in the payroll tax rate from 5% to 4.9% on and from 1 July 2000, with a further reduction to 4.8% on and from 1 July 2001. These initiatives ensure that Queensland continues to have the lowest payroll tax rate of any State. For example, the New South Wales and Victorian rates are 6.7% and 5.75% respectively. Queensland also continues to have the highest exemption threshold of any State, being \$850,000 compared with \$600,000 and \$515,000 in New South Wales and Victoria respectively. The Government will review the impact of these changes and the rate of payroll tax in future Budgets.

In addition, the 1999-2000 State Budget announced that a stamp duty exemption would be provided for trades in Queensland company shares or share rights on foreign approved exchanges to foreign residents. This exemption will remove the impediment that currently exists for Queensland companies which may wish to list on those exchanges in an attempt to gain access to larger capital markets which currently do not exist in Australia. Access to these markets will provide greater investment and development opportunities for Queensland companies, particularly new and emerging high technology industries such as biotechnology.

Amendments are also to be made to the Stamp Act 1894 to address an avoidance opportunity, ensure the proper operation of a stamp duty concession and ensure that refunds are made only in appropriate cases. Equity requires that all taxpayers pay the same amount of tax where their situations are the same and that any opportunities for avoidance of tax be eliminated. If it were otherwise, complying taxpayers would be at a clear disadvantage compared with their non-compliant counterparts. For this reason, the early closure of avoidance opportunities is essential. Under section 49C of the Stamp Act 1894, an exemption from stamp duty may be provided for property transfers to implement corporate reconstructions, subject to the satisfaction of certain conditions. One condition requires that,

where an exemption is obtained for transfers between associated companies, those companies must remain associated for five years from the date of the transfer unless the companies are liquidated during that time. This condition ensures that companies are not able to take advantage of the stamp duty concession simply to package assets for sale outside the group.

An avoidance scheme has been identified which relies upon interposing a company between the transferor and the ultimate transferee, and assets being transferred through this interposed company, with it then being liquidated. The interposed company serves no commercial purpose and is unnecessary to ensure entitlement to the stamp duty exemption. The only reason for interposing the company is to seek to break the association between the transferor and ultimate transferee by an artificial and contrived arrangement which could then allow assets to be transferred between group companies free of stamp duty. Interests in those companies could then be sold outside the group without there being any obligation for payment of the duty which would otherwise have been payable on the intragroup asset transfers had the arrangement not been adopted.

Amendments are therefore to be made to section 49C of the Stamp Act 1894 to clarify the circumstances in which the corporate reconstruction concession will apply. At the same time, some minor amendments are to be made to the corporate reconstruction provisions to give effect to administrative practices beneficial to taxpayers and which currently facilitate the operation of the provisions. The existing arrangements provide that statutory corporations are also eligible for the exemption and ensure that instruments which are executed in connection with a conveyance, transfer or assignment of a beneficial interest in property also qualify for exemption. There are many circumstances where a person seeking a refund of stamp duty has recovered an amount for the duty from another person.

For instance, in the case of the sale of a used motor vehicle, stamp duty on the transfer of registration is usually paid by the purchaser but collected and remitted for payment by the motor vehicle dealer. It would be inappropriate, where a refund is made, for the motor vehicle dealer to retain the benefit of the refund where the liability was actually met by the purchaser. The Stamp Act 1894 is therefore to be amended to include a windfall gains provision which will ensure that, where a refund of stamp duty is made for any reason, the benefit of the refund is passed on to the person who ultimately bore the incidence of the duty.

Finally, amendments are being made to the Land Tax Act 1915 to ensure that port authorities which own and operate commercial airport facilities are no longer at a competitive disadvantage compared with private corporations which lease airport land from the Commonwealth. Under the terms of the airport leases with the Commonwealth, a land tax equivalent amount is payable for those parts of the leased land which are used for commercial purposes. Areas occupied by the airport operator for runways, taxiways and the like are excluded. The Land Tax Act 1915 is to be amended to provide an exemption for port authorities which own commercial airport facilities to place them on a similar footing.

This Bill demonstrates the Government's commitment to addressing taxation avoidance opportunities at the earliest opportunity and to ensuring that taxation arrangements operate as efficiently as possible so that Queenslanders do not pay more than they should. Importantly, this Bill also delivers payroll tax and stamp duty concessions which further enhance Queensland's justifiable claim to being the most attractive place in which to do business. I commend the Bill to the House.
