



Speech by

Dr DAVID WATSON

MEMBER FOR MOGGILL

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REVENUE LAWS AMENDMENT BILL

Dr WATSON (Moggill—LP) (Leader of the Liberal Party) (12.32 p.m.): I rise to contribute briefly to the debate on the Revenue Laws Amendment Bill 2000. At the outset, I would like to thank the Treasury officers who gave me a briefing on this Bill and the other Bills. This Bill is perhaps slightly more complex in terms of its structure and what it attempts to accomplish than the other Bills, but I found the advice that the Treasury officers were able to give me and their explanations particularly cogent.

The Opposition will not be opposing these Bills and will support their passage through this Parliament in an expeditious manner. However, I want to make one or two comments about particular sections of this Bill because, as I said, it is a complex Bill. One of the amendments contained in this Bill changes the grouping of trusts for payroll tax purposes. Of course, while I understand the necessity for this amendment—certainly, we cannot allow trusts to be used in a way that leads to the avoidance of payroll tax—we should also be careful to make sure that when we are looking at the issue of payroll tax and aggregation, whether that be in a corporate structure or a tax structure, we exclude businesses that, although have common ownership, operate in completely different industries and for all intents and purposes are different.

I know that the Commissioner for Stamp Duties has the discretion and, in fact, utilises that discretion. However, it has been brought to my attention by a number of people that we have to make sure, particularly in terms of venture capital firms and the encouragement of existing businesses that go into new areas, that we apply these anti-avoidance provisions, both those that exist already and the ones that are formulated in this Bill, in a sensible fashion. I am sure that that is the intention, but we have to make sure that we do not put them in the road of legitimate business enterprises that are moving into areas—they may be able to transfer their entrepreneurial expertise but for all intents and purposes are completely different industries—and discourage them by getting them caught up in payroll tax too soon. It is obvious that payroll tax discourages investment at the margin and we want to make sure that, while we discourage tax avoidance, we also do not discourage in any way whatsoever entrepreneurial activity.

A second issue that I would like to talk about is one that surprised me—and I am sure that the Treasurer might have been surprised by it when he was first briefed on the matter—and that relates to the late lodgment penalty provisions under the Stamp Act. Certainly, it is a curious situation in which, in order to encourage compliance, the commissioner has the power to impose late lodgment penalties when an instrument is lodged but there was actually no ability for the commissioner to impose a penalty if there was never anything lodged at all. Obviously, in most situations there is an economic imperative for people to lodge the appropriate forms because the failure to do so would usually put that economic entity at some kind of risk. Nevertheless, there are situations in which people may find it advantageous not to lodge those forms. It is certainly appropriate that those who fail to lodge instruments as required should be treated no less harshly than those who simply lodge instruments late. I must admit that I found it interesting that that oversight had been in the legislation for quite some time and that it has only just come to our attention.

Another change to the Act that this Bill implements, which I think is appropriate also, is the decision to alter the Stamp Act to make sure that land rich companies are appropriately stamped. This comes about because of the decision on appeal in the MIM case. In that case it was held that,

although MIM acted appropriately, the amount of stamp duty was less than was the original intention under the Act. These amendments make sure that stamp duty is applied to the full unencumbered value of the property when it is purchased under a contract. I think that provision is also appropriate.

Finally, I want to mention briefly the change that the Bill makes to the Commonwealth's Managed Investments Act 1998. As members would be aware, the Managed Investments Act 1998 was used to amend the Corporations Law. Some issues were raised by the Urban Development Institute of Australia which, I think, have now been addressed appropriately at the Commonwealth level. That took a fair bit of time. However, they were certainly issues that concerned the development industry, and I am glad that the Federal Government saw the light and made the appropriate adjustments to its legislation.

In this case, this amendment is essentially a consequential amendment to the amendments as proposed by the Commonwealth. It seems to me to be an appropriate amendment and one that the Opposition will be supporting.

I do not wish to prolong the consideration of this Bill by the House. The Opposition sees the necessity for a number of the technical amendments contained in the Bill and is happy to facilitate its passage through the House.
