




Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

Record of Proceedings, 3 June 2014

REVENUE LEGISLATION AMENDMENT BILL

Introduction

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (3.03 pm): I present a bill for an act to amend the Duties Act 2001, the Land Tax Act 2010, the Mineral Resources Act 1989, the Payroll Tax Act 1971, the Petroleum and Gas (Production and Safety) Act 2004, the State Penalties Enforcement Act 1999 and the Taxation Administration Act 2001 for particular purposes and I table the bill and the explanatory notes.

Tabled paper: Revenue Legislation Amendment Bill 2014 [\[5311\]](#).

Tabled paper: Revenue Legislation Amendment Bill 2014, explanatory notes [\[5312\]](#).

The bill I have presented makes changes to a number of acts affecting duties. The Revenue Legislation Amendment Bill 2014 delivers an amendment to minimise potential for transfer duty avoidance as well as providing two transfer duty relief measures. The bill will also facilitate improvements in the administration of the state's royalty revenue and strengthen royalty compliance measures. Additionally, it creates greater flexibility and improves efficiencies for government through three additional amendments, including to support the reform program for SPER—the State Penalties Enforcement Registry. In light of the time available I seek leave to have the balance of my introductory speech incorporated into *Hansard*.

Leave granted.

The Office of State Revenue (OSR) has become aware of new property developments being structured to use an existing duty exemption for conversion of home unit companies to strata title under the Body Corporate and Community Management Act 1997 in unintended circumstances. The application of the exemption in these cases provides an inappropriate competitive advantage to developers exploiting that structure, through transfer duty savings. Amendments will ensure the exemption is limited to its intended application.

This Bill also delivers tax relief. Amendments to the Duties Act 2001 will allow an existing concession from transfer duty for transactions for early succession planning in a family primary production business to apply across a wider range of family relationships.

Further, amendments to the Land Tax Act 2010 will provide a new exemption for people who are in the process of selling their old home and moving into a new one when annual land tax liabilities arise at midnight on 30 June each year, where the relevant conditions are met.

Madam Speaker, the Bill also amends the Mineral Resources Act 1989 and the Petroleum and Gas (Production and Safety) Act 2004 to implement initiatives designed to strengthen royalty compliance, assist with the collection of royalty owing to the State and improve royalty administration.

A number of the amendments will adopt specific aspects of the administrative framework used for State taxes under the Taxation Administration Act 2001. This will deliver benefits to both royalty payers and the State through improvements in royalty administration and compliance.

The Bill inserts a consistent royalty assessment and reassessment framework, modelled on that in the Taxation Administration Act 2001, to provide greater certainty for royalty payers and the State regarding how royalty liability is determined and the

amount payable. Where royalty liability has been incorrectly assessed, a reassessment may be made for the correct amount within specified time periods. To balance the need to provide royalty payers with sufficient time to seek a reassessment with the need to provide certainty for the State's revenues, reassessments decreasing liability will generally be required to be made within five years. To ensure there are no benefits to a person from understating royalty liability and delaying determination of the correct liability, no time limits will apply to reassessments increasing liability.

To foster voluntary compliance and provide a cost effective alternative to prosecution for an offence, a royalty penalty of 75% of the understated royalty will apply from 1 July 2014 where a reassessment is made increasing royalty liability. There will be a discretion to fully or partially remit the penalty and to increase it by up to 20% where a person has hindered or prevented the person's royalty liability being determined. However, to allow royalty payers to start with a 'clean slate', a six month penalty amnesty will apply if a person voluntarily discloses an underpayment to OSR by 31 December 2014.

Madam Speaker, this Bill introduces a number of other royalty compliance strengthening amendments consistent with those in the Taxation Administration Act 2001, including investigation and information access powers, as well as record keeping obligations for royalty payers.

The investigation and information access provisions of the Taxation Administration Act 2001 will be applied for royalty purposes to allow investigators to exercise entry powers, in some cases without a warrant, and to seize, test and retain items, subject to appropriate safeguards to protect a person's rights. A person can also be required to produce information and documents and attend to provide information and documents.

New royalty record keeping obligations will ensure records are kept and made available for an appropriate time for determining royalty liability.

Madam Speaker, to provide a cost effective mechanism for recovering unpaid royalty owed to the State, this Bill will allow for the issuing of a garnishee notice to a third party, requiring that person to pay to the State any monies owed to the royalty payer in satisfaction of their royalty liability. Additionally, new administrator provisions will assist in ensuring unpaid royalty can be recovered from a royalty payer's administrator, subject to appropriate protections for the administrator.

The royalty refund provisions are being amended to clarify when a royalty refund entitlement arises and to provide a consistent manner for making royalty refunds. This will mean that an overpaid amount may be repaid to the royalty payer or be credited against the person's current or future royalty liability.

To replicate arrangements currently applying for mineral royalty, the Bill will enable the date for paying petroleum royalty to be brought forward where it is considered necessary for the protection of the public revenue. Importantly, this does not change the actual royalty liability but merely crystallises it earlier to enable its timely collection where necessary.

This Bill delivers benefits to petroleum producers by giving them the flexibility to change the basis on which they lodge their annual returns from a calendar year to a financial year basis, or vice versa. It also recognises and supports the use of information systems for making royalty decisions.

Madam Speaker, the Bill also introduces several amendments that will result in greater efficiencies for Government. The Bill will amend the Payroll Tax Act 1971 to exempt wages paid by State Government departments, with certain exceptions, and wages paid by Queensland Hospital and Health Services.

The application of payroll tax to wages paid by entities in either category results in Government funding being recirculated between the departments and the consolidated fund. The amendments reduce consequential inefficiencies and compliance costs.

Following a review of SPER, amendments to the State Penalties Enforcement Act 1999 will facilitate significant efficiencies in the collection of unpaid infringement notices and court ordered amounts.

Specifically, the Bill facilitates a new service delivery model for SPER which will allow SPER's functions to be delivered more efficiently and effectively. The new model will allow debt collection agents to be engaged, either directly by the Registrar or indirectly through the engagement of a broker, to perform debt collection functions for the Registrar. This will allow SPER to focus on using its powers to recover uncommercial debt, while utilising the debt collection industry's experience to collect commercial debt. Any broker or agent engaged will be subject to the oversight and control of the Registrar.

Finally, an amendment to the Taxation Administration Act 2001 will remove a limitation on the persons who may be appointed as the Commissioner of State Revenue, for greater flexibility.

First Reading

Hon. TJ NICHOLLS (Clayfield—LNP) (Treasurer and Minister for Trade) (3.03 pm): I move—

That the bill be now read a first time.