

Taxation Reform

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

GST REFORMS

B1 The Parties affirm their commitment in the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* to the achievement of a new national tax system, including the elimination of specified inefficient taxes which impede economic activity.

B2 The Parties have agreed to abolish and not reintroduce the following taxes:

(a) Wholesale Sales Tax

Sales tax levied on the value of the last wholesale sale of goods sold or otherwise dealt with as imposed by the Commonwealth's Sales Tax (Imposition) Acts.

(b) Bed Taxes

Accommodation taxes levied on the cost of temporary residential accommodation.

(c) Financial Institutions Duty

Financial Institutions Duty levied on the value of receipts (credits) at financial institutions and on the average daily liabilities and/or investments of short term money market dealers.

(d) Stamp Duty on Marketable Securities

Stamp duty levied on turnover (i.e. sale price times quantity traded) on the transfer of marketable securities quoted on the Australian Stock Exchange or another recognised stock exchange.

(e) Stamp Duty on Non-quotable Marketable Securities

Stamp duty levied on transfers of marketable securities in private companies and trusts, and in public companies and trusts where the securities are not quoted on the Australian Stock Exchange or another recognised stock exchange.

(f) Debits Tax

Debits tax levied on the value of withdrawals (debits) from accounts with financial institutions with cheque drawing facilities.

Debits duty levied on transactions, including credit card transactions. This does not include stamp duty on electronic debits.

- (g) Stamp Duty on Non-real Non-residential Conveyances
Stamp duty levied on the value of non-real non-residential conveyances.
 - (h) Stamp Duty on Leases
Stamp duty levied on the rental payable under tenancy agreements.
 - (i) Stamp Duty on Mortgages, Bonds, Debentures and Other Loan Securities
Stamp duty levied on the value of a secured loan property.
 - (j) Stamp Duty on Credit Arrangements, Instalment Purchase Arrangements and Rental Arrangements
Stamp duty levied on the value of the loan under credit arrangements.
Stamp duty levied on credit business in respect of loans made, discount transactions and credit arrangements.
Stamp duty levied on the price of goods purchased under instalment purchase arrangements.
Stamp duty levied on the rent paid in respect of the hire of goods, including consumer and producer goods.
 - (k) Stamp Duty on Cheques, Bills of Exchange and Promissory Notes
Stamp duty levied on cheques, bills of exchange, promissory notes, or other types of payment orders, promises to pay or acknowledgment of debts, including duty on electronic debits.
- B3 Each Party agrees to abolish, before 1 July 2013, taxes listed in Clause B2 which have not yet been abolished.
- B4 For the avoidance of doubt, the Parties confirm that, at the completion of the abolition of all taxes listed in Clause B2 within each jurisdiction, no Party to this Agreement will levy stamp duties on the transfer of emission trading permits.

NATIONAL TAX EQUIVALENT REGIME

- B5 The Parties commit to the operation of the National Tax Equivalent Regime (NTER) for income taxation, which has been operational from 1 July 2000.
- B6 The NTER is an administrative arrangement under which the relevant Commonwealth income taxation laws are notionally applied to State and Territory government owned enterprises which are nominated by their State or Territory for inclusion in the regime.
- B7 The Commissioner of Taxation administers the NTER in return for the NTER administration costs being paid by the States and Territories. The States and Territories collect the income taxation equivalent liabilities from each entity, as determined by the Commissioner of Taxation.
- B8 The NTER is the subject of a memorandum of understanding between the Commonwealth, the States and Territories, and the Commissioner of Taxation.

AUSTRALIA'S FUTURE TAX SYSTEM

B9 The Parties recognise:

- (a) further reform of Commonwealth, State and Territory taxes as an integral part of improving federal financial relations; and
- (b) the importance of improving the effectiveness and efficiency of the national tax system.

