

FOR PRESS:

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STATE RECEIPTS DUTY

Statement by the Prime Minister, Mr John Gorton

The Prime Minister today released the text of correspondence (attached) between the Commonwealth and the States on the question of the Victorian State Receipts Duty legislation as it applied to incomes.

The Prime Minister said that the Commonwealth did not object in principle to the extension of State Taxation into the general field of business receipts or business turnover provided this was not carried to the point where it could significantly affect the carrying out of Commonwealth policies or revenue collections.

But he emphasised that the Commonwealth believed that State Receipts Duty should not be collected on wages or salaries and had reached this belief after careful consideration of possible effects on taxpayers and on the economy should this form of taxation become established and increased.

He said it was true that a State Tax on wages and salaries at the rate of one cent in ten dollars is not, in itself, a major impost but it is inconsistent with the principle of uniform income tax, is contrary to the conditions under which the Commonwealth is providing general revenue grants to the States, and could be extended to lead to a situation where this type of income tax might be imposed by the States on a significant scale.

He said the Commonwealth could not stand by and permit this to happen because the imposition of income tax, and the rates of income tax imposed, have major implications for national economic and social policies applicable throughout the whole nation, and the Commonwealth could not allow them to be impaired.

He said he was sure that the majority of Australians had no wish to return to the dual income taxation system which existed before the introduction of uniform income tax.

CANBERRA,
4 March 1968