

COMMONWEALTH OF AUSTRALIA

SPEECH

BY

The Rt Hon. J. G. GORTON, M.P.

ON

RECEIPTS DUTY LEGISLATION

Ministerial Statement

[From the 'Parliamentary Debates', 1 October 1970]

Mr GORTON (Higgins—Prime Minister)—by leave—As a preface to my statement on receipts duty legislation I point out to the House that I know of no dispute with any State Premier other than the Premier of Victoria on this question of payroll tax. Honourable members will recall that last June legislation was introduced to impose a continuing Commonwealth receipts duty on business receipts. The Treasurer (Mr Bury) explained that this was being done at the request of the States, and for their benefit, the purpose being to ensure that the States did not lose revenue as a consequence of the High Court decision which invalidated their own receipts duty legislation as it applied to certain types of receipt. The Treasurer also explained that the Commonwealth legislation would—again at the request of the States—apply retrospectively to 18th November 1969, the date on which the Commonwealth's agreement to introduce legislation for the benefit of the States was foreshadowed. Provision was made, however, for exemption from duty under the Commonwealth legislation, in respect of the period 18th November 1969 to a date to be proclaimed as the end of a transitional period if duty, whether or not validly imposed, was paid under State legislation.

The proposed legislation was approved by this House but failed to secure the approval of the Senate. Immediately after the resumption of the House following next week's recess, the legislation will be re-introduced in the House with inclusion of provisions under which the Commonwealth legislation will cease to apply to amounts received after 30th September 1970. The overall effect of the new Commonwealth legislation will be that business receipts during the period from 18th November 1969 to 30th September 1970 will be liable to duty under it at the rate of 0.1 per cent, but that this liability will not arise if the provisions of State laws in this period—whether valid or invalid—are complied with. One effect of this will be that, to the extent that receipts are specifically exempted or simply not dutiable under State law, they will not be dutiable under the Commonwealth law. Another effect will be that receipts which Queensland legislation has purported to make dutiable during this period will remain liable to duty at the lower rate of 0.02 per cent—provided of course, Queensland duty is in fact paid on the receipts or has already been paid.

I add that, knowing of the Government's stated intention to proceed with Commonwealth legislation to impose, at the States'

request, a duty on business receipts, many businesses have continued to pay duty to the States even though the payment of an excise may have been involved. In 1969-70 the States actually collected 85 per cent or more of the total amount they had estimated they would receive. The essential purposes of the new Commonwealth legislation will be to validate the collections already received by the States and, in the case of businesses that have refrained from paying receipts duty in respect of the period to be covered by the Commonwealth law, to require them to make such payments.

The Government appreciates that the 1970-71 budgets of the States have been framed on the assumption that the Commonwealth receipts duty legislation would have continuing operation and that the States would therefore receive the full benefit of the receipts duty revenue that would have been payable to them in 1970-71 if the Commonwealth legislation had continuing operation. The Government also appreciates that limiting the operation of the Commonwealth legislation to receipts up to 30th September 1970 will have a significant effect on State revenues for 1970-71 and

that something will need to be done to protect the budgetary situation of the States. We propose that additional Commonwealth grants will be payable to the States in 1970-71 so as to make good the reasonable losses of State revenue resulting from the termination of the Commonwealth receipts duty legislation on 30th September 1970. As in the case of other arrangements for the payment of Commonwealth assistance grants to the States in 1970-71, our willingness to do this is on the basis that the arrangements resulting from the June 1970 Premiers Conference will apply in their entirety.

For the purpose of ascertaining such reasonable losses I am in touch with the Premiers with a view to arranging consultations between the Commonwealth and State governments as quickly as possible. We have in mind that at such consultations there will be discussed the question of the future of receipts duty in the non-excise area under State legislation against the background that the Commonwealth legislation will cease to apply to amounts received after 30th September 1970.