

CHAPTER 1

INTRODUCTION

Background

1.1 The Tax Laws Amendment (Wine Producer Rebate and Other Measures) Bill 2004 was introduced into the House of Representatives on 24 June 2004 by Mr Ross Cameron MP, Parliamentary Secretary to the Treasurer. The bill was agreed to by the House of Representatives on 3 August 2004.

Purpose of the bill

1.2 The bill amends the *A New Tax System (Wine Equalisation Tax) Act 1999* (the 'WET' Act) to implement a new wine producer rebate and to address certain compliance and administrative issues arising from the legislation.¹

1.3 In particular, the amendments:

- introduce a wine producer rebate to off-set wine equalisation tax up to a maximum amount of \$290,000;
- improve compliance; and
- abolish accelerated depreciation of grapevines.²

1.4 The main thrust of the amendments is to reduce the tax burden for small and medium sized businesses, to reduce incidences of tax minimisation and to align depreciation rules for grapevines with those applicable to horticultural plants.³

Reference of the bill

1.5 On 4 August 2004, the Senate adopted Selection of Bills Report No.10 of 2004 and referred the provisions of the bill to the Senate Economics Legislation Committee for inquiry and report by 11 August 2004.

1 Explanatory Memorandum, Tax Laws Amendment (Wine Producer Rebate and Other Measures) Bill 2004, p.3.

2 Bills Digest No.9 2004-05, *Tax Laws Amendment (Wine Producer Rebate and Other Measures) Bill 2004*, 28 July 2004, p.1.

3 Bills Digest No.9 2004-05, *Tax Laws Amendment (Wine Producer Rebate and Other Measures) Bill 2004*, 28 July 2004, p.1.

Submissions

1.6 The Committee advertised its inquiry into the bill on the internet. In addition, the Committee contacted a number of organisations alerting them to the inquiry. A list of submissions received appears at **Appendix 1**.

Hearing and evidence

1.7 The Committee held a public hearing in Canberra on Monday 9 August 2004.

1.8 Witnesses who appeared before the Committee at that hearing are listed in **Appendix 2**.

1.9 Copies of the Hansard transcript are tabled for the information of the Senate. They are also available through the internet at <http://aph.gov.au/hansard>.