

## **Additional remarks from Labor Senators**

Under this Bill many businesses will pay fuel tax for the first time. The excise or customs duty is to be paid upfront and the associated credit to be claimed by businesses via the business activity statement (BAS) in the same way as input tax credits are claimed for the GST.

The committee has received strong representations from manufacturers and ACCI. In addition, primary producers would be adversely affected.

These manufacturers claim that the new arrangements will potentially cause major cash flow problems for medium sized producers. Currently these producers are effectively fuel tax free due to remission certificates from excise and customs on fuel inputs. Now they must pay the fuel tax and get the credit when they lodge the BAS. Producers with turnover of \$20m must report monthly for GST purposes. Providing that the GST refunds are made quickly these producers will not face major delays. However, businesses with turnover from \$2m-20m report quarterly and thus face major delays between payment of the tax and the associated credit.

Clearly this measure would cause cash flow problems. In addition the ATO has been very slow in processing refunds when there has been an audit or review of the BAS as identified by the ANAO.

Businesses are still likely to face cash flow concerns after the two year transitional period expires. There is no reason to expect that their cash flow situation is likely to change substantially over that period. Consequently, if there is a problem now then the problem will still exist after the transitional period expires.

Labor Senators are therefore predisposed to a model whereby the option of applying for payment receipt of the fuel tax credit upon payment of the fuel tax continues beyond the two year transitional period. In addition, there seems no reason for the application to have to be made by 31 December 2006 to be part of the transitional scheme as proposed in the Minister's amendments now in circulation.

Labor senators believe that the Bill should be amended along the following lines:

- 1) the two year transitional arrangements for early payment of the fuel tax credit be provided for on an ongoing basis; and
- 2) that the 31 December 2006 date for receipt of applications for early payment be dispensed with.

**Senator Ursula Stephens**

**Senator Ruth Webber**

