

CHAPTER 1

Tax Laws Amendment (2005 Measures No. 1) Bill 2005

Background

1.1 The Tax Laws Amendment (2005 Measures No. 1) Bill 2005 was introduced into the Senate on 7 March 2005 after its passage through the House of Representatives on 16 February 2005.

1.2 On 9 March 2005, on the recommendation of the Senate Standing Committee for the Selection of Bills (Selection of Bills Committee), the Senate referred the bill to the Economics Legislation Committee for inquiry and report by 10 May 2005.¹

1.3 The Senate subsequently granted extensions of time for reporting until 22 June 2005.

The bill's provisions

1.4 Of the bill's four schedules, the Selection of Bills Committee cited Schedules 3 and 4 for further investigation. The Economics Legislation Committee has consequently concentrated on these two schedules in its inquiry.

1.5 Schedule 3 of the bill amends the *A New Tax System (Goods and Services Tax) Act 1999* so that GST will apply where a non-resident makes an offshore supply of a right or option to goods and services for consumption in Australia. The new arrangements will apply to supplies made on or after the day on which the bill was introduced into the Parliament, namely, 10 February 2005. Non-resident tour operators in particular will be affected.

1.6 Schedule 4 of the bill introduces a maximum tax offset of \$500 on the income tax liability of workers aged 55 years and over.

Conduct of the inquiry

1.7 The Committee advertised the inquiry nationally and posted details on its internet site. In addition, the Committee wrote to the Department of the Treasury, the Department of Tourism, Industry and Resources, and a number of organisations advising them of the inquiry and inviting them to make submissions.

1.8 The Committee received ten submissions and three supplementary submissions. These are listed in Appendix 1.

1 Selection of Bills Committee, *Report No. 2 of 2005*, 9 March 2005, p. 1.

1.9 The Committee held a public hearing at Parliament House in Brisbane on Tuesday, 26 April 2005. Witnesses who presented evidence at this hearing are listed in Appendix 2.

1.10 The Hansard of the Committee's hearing, copies of all submissions and information provided on request to the Committee are tabled with this report. These documents, plus the Committee's report, are also available on the Committee's web site at http://www.aph.gov.au/senate/committee/economics_ctte/index.htm.

1.11 The Committee thanks those who participated in this inquiry.