

TREASURER



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WHOLESALE SALES TAX — CHANGE IN TEMPORARY IMPORTATION PROVISIONS

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
2	2	2	2

Explanation

An anomaly in the wholesale sales tax system is being removed so that goods cannot be permanently imported sales tax free if they had previously been temporarily imported sales tax free.

Wholesale sales tax applies to assessable sales of goods manufactured in Australia, or imported into Australia. A good that has previously been used in Australia is not subject to sales tax.

The sales tax law allows an exemption from sales tax for goods that are imported for short periods. The special temporary importation provisions are intended to cover goods temporarily imported; for example, by a visiting tourist or for an exhibition, promotion or other special event. Under these provisions, goods can be imported for periods of less than twelve months free of sales tax provided a security or undertaking is given.

There is evidence that these provisions have been used in an unintended manner. Goods have been imported for a short period under the special temporary importation provisions. After being returned overseas, they have then been reimported on a permanent basis free of sales tax because they have previously been used in Australia.

Requisite amendments to the sales tax law to close this loophole will soon be introduced into Parliament; the legislative change will take effect from 7.30 pm AEST, 13 May 1997.

The above material is a full extract of the description of the measure as contained in *Budget Paper No 2: Budget Measures 1997-98*. This paper explains all outlays and revenue measures, and is available from Australian Government Bookshops or from the Treasury Internet site at <http://www.treasury.gov.au/budget>

CANBERRA
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