

## **EXPLANATORY STATEMENT**

### **Select Legislative Instrument 2007 No. 239**

Issued by the Authority of the Minister for Veterans' Affairs

*Veterans' Entitlements Act 1986*

*Veterans' Entitlements (Special Assistance – Motorcycle Purchase)  
Amendment Regulations 2007 (No. 1)*

Section 216 of the *Veterans' Entitlements Act 1986* (the Act) provides, in part, that the Governor-General may make regulations, not inconsistent with the Act, prescribing all matters required or permitted by the Act to be prescribed or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Section 106 of the Act provides, in part, that the Repatriation Commission ('the Commission') may grant special assistance to veterans or veterans' dependants in prescribed circumstances.

One type of special assistance granted by the Commission is financial assistance for veterans with a disability to pay the Goods and Services Tax (GST) in respect of a motorcycle or motorcycle-part.

This assistance is provided because the *A New Tax System (Goods and Services Tax) Act 1999* ('the GST legislation') inadvertently failed to carry across the "sales tax exemption" from the repealed "Sales Tax legislation" for motorcycles or motorcycle-parts for veterans with a disability. The GST legislation did include a similar exemption for cars. It was found to be easier to rectify the omission by way of regulations under the Act rather than amending the GST legislation (which requires the consent of the States).

The Regulations updated the *Veterans' Entitlements (Special Assistance - Motorcycle Purchase) Regulations 2001* (Principal Regulations) by correcting certain references and omitting redundant references.

Details of the Regulations are included in the Attachment.

The Regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulations commenced on the day after they were registered on the Federal Register of Legislative Instruments.

### **Consultation**

None because the Rule-Maker considered the instrument to be minor and of a machinery nature and one that did not substantially alter existing arrangements.

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## ATTACHMENT

### **Details of the *Veterans' Entitlements (Special Assistance – Motorcycle Purchase) Amendment Regulations 2007 (No. 1)***

- regulation 1 sets out the name of the Regulations - *Veterans' Entitlements (Special Assistance – Motorcycle Purchase) Amendment Regulations 2007 (No. 1)*
- regulation 2 provides that the Regulations commenced on the day after they were registered on the Federal Register of Legislative Instruments.
- regulation 3 provides that the Principal Regulations are amended by Schedule 1 to the Regulations.

### **Schedule 1 Amendments**

- items [1] and [4] reflect a change made to the term “car depreciation limit” in the *Income Tax and Assessment Act 1997* (Tax Assessment Act).

The Principal Regulations define the term “car depreciation limit” by reference to the definition of that term as it purportedly exists in the Tax Assessment Act. However this Act was amended and a definition of “car limit” was substituted for the definition of “car depreciation limit. Items [1] and [4] ensure that the Principal Regulations refer to the definition of “car limit” in the Tax Assessment Act.

- items [2] and [3] omitted redundant references. When the Principal Regulations commenced on 1 July 2000 a claimant was not eligible for “GST compensation” under those regulations if, in the previous two years, the claimant had obtained a “sales tax exemption” for a car or motorcycle – sales tax being the forerunner of the GST. This limitation was designed to prevent “double-dipping”.

Because the relevant sales tax legislation (*Sales Tax Assessment Act 1992* and the *Sales Tax (Exemptions and Classifications) Act 1992*) was repealed by the “GST legislation” (*A New Tax System (Goods and Services Tax) Act 1999*) on 1 July 2000 and because the Principal Regulations have been operating for nearly 7 years, it is no longer possible for a new claimant to have received a sales tax exemption for a car or motorcycle in the two years before the claim and therefore this limitation on eligibility was no longer of any effect and was removed from the Principal Regulations.