

EXPLANATORY STATEMENT

Select Legislative Instrument 2010 No. 208

Issued by authority of the Assistant Treasurer

A New Tax System (Goods and Services Tax Transition) Act 1999

*A New Tax System (Goods and Services Tax Transition) Amendment Regulations
2010 (No. 1)*

Section 25 of the *A New Tax System (Goods and Services Tax Transition) Act 1999* (the Act) provides, in part, that the Governor-General may make regulations prescribing 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.

Subsection 15L(3) of the Act defines the term 'New Tax System changes' and paragraph 15L(3)(d) provides that its meaning includes any other changes prescribed by the regulations for the purposes of this definition.

The purpose of the Regulations is to amend the *A New Tax System (Goods and Services Tax Transition) Regulations 2000* to expand the meaning of the term 'New Tax System changes' by prescribing certain other changes for the purposes of the definition.

The term 'New Tax System changes' applies to GST in the context of 'arbitrated offers' made in relation to determining the consideration for supplies made under a long-term non-reviewable contract on or after 1 July 2005.

Section 15L of the Act provides for arbitration where there is an offer to change the consideration for a supply. Part of the arbitration process involves taking into account the impact of 'New Tax System changes' on the supplier's cost and expenses.

The need for the amending Regulations has arisen as a consequence of the *Statute Stocktake (Regulatory and Other Laws) Act 2009* (the Stocktake Act) which removed certain provisions from the *Trade Practices Act 1974* (TP Act) that defined 'New Tax System changes' to include any other changes prescribed by regulation. These other changes were prescribed in Part 4 of the *Trade Practices Regulations 1974* (the TP regulations).

As a result of changes made to the Act by the Stocktake Act, the term 'New Tax System Changes' is now defined in the Act in identical terms to ensure continuity of its meaning. The provisions from Part 4 of the TP Regulations are now replicated under the amending Regulations with some minor changes to reflect modern drafting practices.

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

A preliminary assessment of the compliance costs of the amending Regulations found the expected compliance costs for taxpayers to be low. Accordingly, a Regulation Impact Statement was not required and has not been prepared.

Public consultation on the Regulations was not undertaken as the regulations which existed under the TP Act are largely replicated under the new provisions.