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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

A NEW TAX SYSTEM (WINE EQUALISATION TAX
IMPOSITION—CUSTOMS) BILL 1999

EXPLANATORY MEMORANDUM

(Circulated by authority of the
Treasurer, the Hon Peter Costello, MP)

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Overview

1.1 This Explanatory Memorandum explains the A New Tax System (Wine Equalisation Tax Imposition – Customs) Bill 1999.

1.2 The A New Tax System (Wine Equalisation Tax Imposition – Customs) Bill 1999 is one of a package of 3 that formally imposes the wine tax on the supplies and importations that are to be subject to the wine tax. There are 3 Bills for constitutional reasons. The wine tax will comprise tax that is:

- a duty of customs (A New Tax System (Wine Equalisation Tax Imposition – Customs) Bill 1999);
- a duty of excise (*A New Tax System (Wine Equalisation Tax Imposition – Excise) Act 1999*); and
- neither a duty of customs nor a duty of excise (*A New Tax System (Wine Equalisation Tax Imposition – General) Act 1999*).

Constitutional requirements

1.3 Imposition laws must be separate. The Constitution requires that laws imposing taxation deal only with the imposition of taxation. To the extent that a law imposing taxation deals with anything apart from the imposition of the tax, those other parts of the law will be of no effect (Section 55 of the Constitution). A tax includes a duty of customs and a duty of excise.

1.4 ***One subject of taxation:*** The Constitution requires that laws imposing a duty of customs and laws imposing a duty of excise must be in separate Acts. (Section 55 of the Constitution)

1.5 This Bill will impose wine tax to the extent that it is a duty of customs. [*Section 3*]

Rate of Wine Tax

1.6 The rate of wine tax will be 29%. [*Section 4*]

Property of a State will not be taxed

1.7 A New Tax System (Wine Equalisation Tax Imposition – Customs) Bill 1999 contains a provision to the effect that it will not impose a tax on property of any kind belonging to a State. The term *property of any kind belonging to a State* will have the same meaning that the term has in section 114 of the Constitution. Section 114 states that the Commonwealth shall not impose any tax on property of any kind belonging to a State. [*Section 5*]

Commencement

1.8 The A New Tax System (Wine Equalisation Tax Imposition – Customs) Bill 1999 will commence on 1 July 2000. [*Section 2*]