

Gaming Machine Tax Bill 2001

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to consolidate legislation relating to gaming machine tax. The Bill:

- (a) provides for imposition of a tax on profits from gaming machines kept in hotels and registered clubs, and
- (b) prescribes the rate of tax payable, and provides for its payment by instalments, and
- (c) makes provision for the lodgment of returns in relation to gaming machine profits.

The provisions of the *Taxation Administration Act 1996*, which makes provision for the administration and enforcement of taxation laws, are applied to the proposed Act. The proposed Act makes consequential amendments to the *Liquor Act 1982*, the *Registered Clubs Act 1976* and the *Taxation Administration Act 1996*.

Outline of provisions

Part 1 Preliminary

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

Clause 3 defines certain terms used in the proposed Act.

Clause 4 provides that the proposed Act is to be read with the *Taxation Administration Act 1996*, which makes provision for the administration and enforcement of the proposed Act and other taxation laws. In particular, that Act creates liabilities for penalty tax and interest in the event of default by the taxpayer, and for the recovery of tax, penalty tax and interest.

Clause 5 provides that notes in the text of the proposed Act (which are explanatory notes only) do not form part of the Act.

Part 2 Gaming machine tax

Clause 6 imposes a tax on profits from gaming machines kept in a hotel or registered club.

Clause 7 provides for the payment of quarterly instalments of the tax.

Clause 8 requires hoteliers and registered clubs to compile, lodge and retain returns relating to gaming machine profits if the Liquor Administration Board so requires.

Clause 9 requires a licensee operating a centralised monitoring system (currently the TAB) to calculate the amount of a tax instalment payable and empowers the Liquor Administration Board to recalculate the amount where a return is thought to be incorrect or for other sufficient reason. Tax is to be assessed (and reassessed, as required) by the Chief Commissioner according to these calculations.

Clause 10 provides for annual adjustments and reconciliation of the amount of tax chargeable to a hotelier or registered club in a tax year and the amount of instalments paid by the hotelier or registered club during the year.

Part 3 Rates of tax

Division 1 Hoteliers

Clause 11 prescribes the annual rates of tax on profits from gaming machines kept in hotels. Different rates apply at different total-profit levels.

Clause 12 prescribes the rates at which quarterly instalments of tax are calculated.

Division 2 Registered clubs

Clause 13 prescribes the annual rates of tax on profits from gaming machines kept in registered clubs. Different rates apply at different total-profit levels.

Clause 14 prescribes the rates at which quarterly instalments of tax are calculated.

Part 4 Rebate on tax levied on registered clubs

Clause 15 provides for the making and publication by the Minister for Gaming and Racing of guidelines that determine the kind of expenditure by a registered club that will constitute an “application of profits to community development and support” for the purposes of the rebate available under proposed section 16.

Clause 16 provides for a rebate of tax to a registered club, to the extent that it has applied certain of its profits (namely, those profits from gaming machines that exceed \$1,000,000) to community development and support in accordance with the guidelines.

Part 5 Miscellaneous

Clause 17 provides for the application of the proposed Act to a registered club consisting of several premises in different places.

Clause 18 provides that an offence under the proposed Act may be dealt with in a summary manner in a Local Court or in the Licensing Court.

Clause 19 provides for regulations to be made for the purposes of the proposed Act.

Clause 20 provides for a review to be undertaken, 5 years after the proposed Act is assented to, of the policy objectives and provisions of the proposed Act.

Clause 21 is a formal provision giving effect to a schedule of savings and transitional provisions (Schedule 2).

Clause 22 is a formal provision giving effect to the amendments to the *Liquor Act 1982* set out in Schedule 3.

Clause 23 is a formal provision giving effect to the amendments to the *Registered Clubs Act 1976* set out in Schedule 4.

Clause 24 is a formal provision giving effect to the amendments to the *Taxation Administration Act 1996* set out in Schedule 5.

Schedule 1 Mandatory provisions for guidelines on community development and support by registered clubs

Schedule 1 substantially re-enacts (with the omission of provisions whose operation is spent) the provisions of section 87 (5)–(12) of the *Registered Clubs Act 1976* relating to guidelines for determining the kind of expenditure on which a claim for a rebate of tax claimed by a registered club must be based.

Schedule 2 Savings and transitional provisions

Schedule 2 enacts savings and transitional provisions ancillary to the proposed Act and provides for further such provisions to be made, if necessary, by regulation.

Schedule 3 Amendment of Liquor Act 1982

Schedule 3 repeals the duty provisions of the *Liquor Act 1982*, enables any necessary savings

and transitional provisions to be made by regulation and makes other consequential amendments.

Schedule 4

Amendment of Registered Clubs Act 1976

Schedule 4 repeals the duty provisions of the *Registered Clubs Act 1976*, enables any necessary savings and transitional provisions to be made by regulation and makes other consequential amendments.

Schedule 5 Amendment of Taxation Administration Act 1996

Schedule 5 applies the provisions of the *Taxation Administration Act 1996*, which makes provision for the administration and enforcement of taxation laws, to tax under the proposed Act, and enables any necessary savings and transitional provisions to be made by regulation.