

The object of this Bill is to amend the *Gaming Machine Tax Act 2001* (the **Principal Act**) as follows:

- (a) to reduce the gaming machine tax rates payable by registered clubs,
- (b) to rename the community development and support expenditure (CDSE) tax rebate scheme as “ClubGRANTS”,
- (c) to increase the tax rebate available to a registered club under that scheme from 1.5% to 1.85% of the club’s prescribed profits (being a club’s gaming machine profits that exceed \$1,000,000 during any tax year),
- (d) to create a new category of community development and support projects and services (Category 3 projects and services) for large scale projects or services associated with sport, health or community infrastructure and to apply 0.4% of registered clubs’ prescribed profits towards a fund for such projects and services,
- (e) to make other consequential, savings and transitional amendments.

The effect of the amendments referred to in paragraphs (c) and (d) is that amounts equalling 2.25% of registered clubs’ prescribed profits in every tax year are to be returned to the community from gaming machine tax receipts through ClubGRANTS (being 1.85% to clubs as ClubGRANTS tax rebates and 0.4% as payments to the ClubGRANTS Fund on behalf of clubs).

Outline of provisions

**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 1 September 2011.

#### **Schedule 1 Amendment of Gaming Machine Tax Act 2001 No 72**

##### **Reduction of gaming machine tax rates for registered clubs**

**Schedule 1 [4]** reduces the gaming machine tax payable by registered clubs for the 2011 and subsequent tax years. **Schedule 1 [3]** makes a consequential amendment. At present, the tax rates range from 10% of gaming machine profits to 30.9% of gaming machine profits, with the first \$200,000 of profits being tax free.

**Schedule 1 [4]** provides for tax rates in the 2011 tax year and subsequent tax years ranging from 10% of gaming machine profits to 28.4% of gaming machine profits. The first \$200,000 of profits remains tax free.

##### **Renaming community development and support expenditure (CDSE) tax rebate scheme as “ClubGRANTS”**

**Schedule 1 [5], [9], [11] and [13]** amend various provisions of the Principal Act to rename the community development and support expenditure (CDSE) tax rebate scheme as “ClubGRANTS”.

##### **Increase of tax rebate available to a registered club**

**Schedule 1 [7]** increases the tax rebate available to a registered club under ClubGRANTS from 1.5% to 1.85% of the club’s prescribed profits (being a club’s gaming machine profits that exceed \$1,000,000 during any tax year). **Schedule 1 [1], [2], [8] and [12]** make consequential amendments.

##### **Creation of new ClubGRANTS category**

**Schedule 1 [6] and [10]** create a new category of community development and support projects and services under the ClubGRANTS scheme (to be called Category 3 projects and services) for large scale projects or services associated with sport, health or community infrastructure. The ClubGRANTS guidelines (formerly CDSE guidelines) will define Category 3 projects and services. That definition is to be settled in consultation with Clubs NSW.

**Schedule 1 [10]** establishes the ClubGRANTS Fund and provides that amounts equal to 0.4% of each registered club’s prescribed profits (being a club’s gaming machine profits that exceed \$1,000,000 during any tax year) are appropriated from the Consolidated Fund to the ClubGRANTS Fund for such Category 3 projects and services. Registered clubs may also pay amounts into the ClubGRANTS Fund.

**Savings and transitional provisions**

**Schedule 1 [14] and [15]** make amendments of a savings and transitional nature.