

APPENDIX E: TIMETABLE FOR THE ABOLITION OF STATE TAXES

The first objective of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, signed by the Commonwealth and all States and Territories in 1999, was the achievement of a new national taxation system, including the elimination of several business taxes which were impeding economic activity.

The GST was designed to replace several inefficient indirect taxes – one Commonwealth tax and ten state taxes. The state taxes which were specified in the Intergovernmental Agreement were nominated by the States themselves as being undesirable on efficiency and equity grounds.

Implementation of the Intergovernmental Agreement has already delivered significant economic benefits as a result of a first phase of taxation reforms from as early as 1 July 2000. As part of the initial reforms:

- the Australian Government fully implemented its commitments by:
 - removing the wholesale sales tax;
 - implementing the GST; and
 - ensuring that all GST revenue is provided to the States and Territories; and
- the States and Territories partly implemented their commitments by abolishing a first tranche of state taxes by 1 July 2005:
 - accommodation tax;
 - financial institution duty;
 - quoted marketable securities duty; and
 - debits tax.

The Intergovernmental Agreement contained a provision to review the abolition of the remaining state taxes by 2005 so that the States would abolish all of the taxes listed for abolition once GST revenues proved to be sufficient to do so. This was consistent with the third objective of the agreement, which was an improvement in the financial position of all States and Territories, relative to that which would have existed if the previous financial arrangements had continued.

In 2006, the Australian Government agreed with the States and Territories on a schedule for a second tranche of state taxation reform. The schedule provides for the abolition of a further five taxes:

- non-quoted marketable securities duty;
- lease duty;
- mortgage duty;
- credit arrangement and rental duties; and
- cheque duty.

The schedule also provides for the partial abolition of the final tax listed for abolition in the Intergovernmental Agreement – stamp duty on non-residential property conveyances. The States and Territories have only agreed to the abolition of this tax in respect of non-real non-residential property.

Even though GST revenues are now sufficient so that the States and Territories would not be worse off, relative to if the previous financial arrangements had continued, they have so far refused to fulfil their commitments by nominating a timetable for abolishing this final remaining tax.

Table E1: Timetable for the abolition of state taxes^(a)

| | NSW | VIC | QLD | WA | SA | TAS | ACT | NT |
|---------|---|--|--|---|--|--|--|--|
| 2000-01 | Accommodation tax | Lease duty (26 April 01) | | | | | | Accommodation tax |
| 2001-02 | Financial institutions duty, quoted marketable securities duty, debits tax (1 Jan 02) | Financial institutions duty, quoted marketable securities duty | Quoted marketable securities duty | Financial institutions duty, quoted marketable securities duty | Financial institutions duty, quoted marketable securities duty | Financial institutions duty, quoted marketable securities duty | Financial institutions duty, quoted marketable securities duty | Financial institutions duty, quoted marketable securities duty |
| 2002-03 | | Non-quoted marketable securities duty | | | | Lease duty, non-quoted marketable securities duty, rental duty | | |
| 2003-04 | | | | Non-quoted marketable securities duty (1 Jan 04), cheque duty (1 Jan 04), lease duty (1 Jan 04) | Mortgage duty for eligible first homebuyers (27 May 04) | | | |
| 2004-05 | | Mortgage duty | Credit card duty (1 Aug 04) | | Lease duty, cheque duty | | | |
| 2005-06 | | Debits tax | Debits tax, lease duty (1 Jan 06), credit business duty (1 Jan 06) | Debits tax | Debits tax, part of mortgage duty (1 Jan 06) | Debits tax | Debits tax | Debits tax, electronic debits tax |
| 2006-07 | | Rental duty (1 Jan 07) | Hire duty (1 Jan 07), non-quoted marketable securities duty (1 Jan 07) | 50 per cent mortgage rental duty (1 Jan 07) | Other minor duties | 50 per cent mortgage duty | Non-real non-residential conveyance duty | Non-quoted marketable securities duty, lease duty |

Table E1: Timetable for the abolition of state taxes^(a) (continued)

| | NSW | VIC | QLD | WA | SA | TAS | ACT | NT |
|---------|--|-----|--|--|---|--|---------------------------------------|--|
| 2007-08 | Rental duty, lease duty (1 Jan 08) | | 50 per cent mortgage duty (1 Jan 08) | | 33 per cent of remaining rental duty and mortgage duty | Mortgage duty | Rental duty | Rental duty |
| 2008-09 | Non-quoted marketable securities duty (1 Jan 09) | | Mortgage duty (1 Jan 09) | Mortgage duty | 67 per cent of remaining rental mortgage duty | Non-real non-residential conveyance duty | | |
| 2009-10 | 50 per cent mortgage duty (1 Jan 10) | | 50 per cent non-real non-residential property conveyance duty (1 Jan 10) | | Rental duty, mortgage duty, 50 per cent non-real non-residential conveyance duty, 50 per cent non-quoted marketable securities duty | | Lease duty | Non-real non-residential conveyance duty |
| 2010-11 | Mortgage duty (1 Jan 11) | | Non-real non-residential conveyance duty (1 Jan 11) | Non-real non-residential conveyance duty | Non-real non-residential conveyance duty, non-quoted marketable securities duty | | Non-quoted marketable securities duty | |
| 2011-12 | | | | | | | | |
| 2012-13 | Non-real non-residential conveyance duty | | | | | | | |

(a) Abolition is in full and effective on 1 July unless otherwise specified.

Table E2: State taxes abolished before 1 July 2000 or never imposed

| NSW | VIC | QLD | WA | SA | TAS | ACT | NT |
|-------------|--|---|-------------------|-------------------|--------------------------------|---|---------------|
| Cheque duty | Accommodation tax, cheque duty, non-real non-residential conveyance duty | Accommodation tax, cheque duty, financial institutions duty | Accommodation tax | Accommodation tax | Accommodation tax, cheque duty | Accommodation tax, cheque duty, mortgage duty | Mortgage duty |