

REVENUE CIRCULAR

RC-GEN-004:

NEW TAXATION ADMINISTRATION ARRANGEMENTS FROM 1 JANUARY 2008

Purpose

This Circular provides information on the *Taxation Administration Act 2007*, *First Home Owner Grant Amendment Act 2007*, *Pay-roll Tax Amendment Act 2007* and *Revenue Law Reform (Stamp Duty) Act 2007*, which were passed by the Legislative Assembly of the Northern Territory on 16 October 2007.

Summary of measures

Taken together, the package of legislation will, from 1 January 2008:

1. Introduce a new *Taxation Administration Act* ("new TAA"). For further information on the new TAA, please refer to Revenue Circular RC-GEN-005.
2. Convert the current *Taxation (Administration) Act* ("current TAA") into a new *Stamp Duty Act* ("new SDA"). For more information on the new SDA, please refer to Revenue Circular RC-GEN-006.
3. Repeal the current *Stamp Duty Act* ("current SDA").
4. Amend the *Pay-roll Tax Act* ("the PTA") to align it with the new TAA by removing the administrative provisions that will now be regulated by the new TAA and making changes to provide for consistent terminology with the new TAA.
5. Amend the *First Home Owner Grant Act* by removing the provisions relating to investigations, confidentiality and objections and appeals, as these processes will now be regulated by the new TAA.
6. Make consequential amendments to the *Pay-roll Tax Regulations*, *First Home Owner Grant Regulations* and *Taxation and Royalty Appeals Tribunal Rules*.
7. Repeal the *Taxation (Administration) Regulations*.

Reasons for new taxation administration arrangements

The new TAA provides a new administrative framework to support the PTA and the new SDA. It replaces the administrative provisions in the current TAA that came into operation in 1978 and which have become outdated and more difficult to interpret.

The Northern Territory's current TAA contains numerous provisions that impose stamp duty, as well as providing for the administration of the current SDA. The current SDA also imposes stamp duty and it is necessary to have regard to both of these Acts to determine the application of stamp duty. In contrast, the PTA imposes payroll tax and contains its own administrative arrangements.

The various administrative provisions contained in the current TAA and PTA provide for, among other things, the processes for paying tax, reviewing decisions of the Commissioner, collecting tax and ensuring compliance with those Acts. However, the administrative arrangements that apply for payroll tax mostly differ to those for stamp duties.

One of the key reasons for introducing new taxation administration arrangements is to rationalise and standardise the administrative provisions for both payroll tax and stamp duties and to include them in one Act. This will provide a simpler taxation administration framework for taxpayers, practitioners and the Territory Revenue Office ("TRO").

Further reasons to reform the current taxation administration arrangements are because they:

- are outdated and difficult to interpret – the legislation is nearly 30 years old;
- are out of step with similar tax administration legislation in place in the other jurisdictions;
- include powers that are inconsistent with more contemporary standards. For example the ability to enter residential premises without an occupier's consent or a search warrant; and
- do not adequately legislate for aggressive schemes used by a small minority of taxpayers to avoid or delay the payment of their tax liabilities.

The new TAA is based on the model adopted by New South Wales, Victoria, Tasmania and the Australian Capital Territory and provides greater detail and clarity on the way taxes are to be administered.

Overall, the intention is to have a taxation administration framework that will make the administration of taxes more transparent, providing greater certainty on how they will be administered and standard rules. This should help to reduce both taxpayer compliance costs and government administration costs.

Public information seminars

Public seminars will be held to provide information on the new taxation administration arrangements. Details on these seminars will be available on TRO's website.

Updating of TRO publications

TRO is currently in the process of updating its publications, including forms and brochures, as part of the process of implementing the new taxation administration arrangements. In particular, all published Commissioner's Guidelines will be reviewed and updated where necessary to provide accurate information on the new arrangements. Where new arrangements have been introduced that require further explanation, new Guidelines will be published.

It is anticipated that most publications will be updated and published on TRO's website by 1 January 2008.

Commissioner's Guideline CG-GEN-001, which sets out information on the revenue publication system, is incorporated into and is to be read as one with this Circular. All Circulars and Guidelines are available from TRO's website.

Refer to the *Taxation Administration Act 2007*, *First Home Owner Grant Amendment Act 2007*, *Pay-roll Tax Amendment Act 2007* and *Revenue Law Reform (Stamp Duty) Act 2007* for precise details.



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