

STATE FINANCES — TAX MEASURES

Statement by Treasurer

MR T.R. BUSWELL (Vasse — Treasurer) [12.02 pm]: I rise to inform the house that the state government intends to take further action to improve the state's finances by deferring the abolition of transfer duty on non-real business assets until budget circumstances allow. As a result, duty will continue to be payable on the acquisition of business assets such as goodwill, statutory licences and intellectual property. This duty is currently scheduled to be abolished on 1 July 2013. However, spending pressures from the state's rapid population and economic growth, compounded by the commonwealth government's refusal to address Western Australia's unfairly low and declining share of GST revenue has made the abolition of this duty unaffordable at present.

Accordingly, the state government will introduce an urgent bill into Parliament next week with the aim of making the required amendments to the duties legislation before 1 July 2013. In addition, the state government intends to legislate to exclude certain business, professional and industry organisations from accessing state tax exemptions for charities. This action has been triggered by a State Administrative Tribunal decision in 2012 that the Chamber of Commerce and Industry of Western Australia is a common law charity, and therefore exempt from payroll tax.

The state government is concerned that the tribunal's decision sets a costly precedent for other similar organisations to qualify for state tax exemptions, notwithstanding that some of the services they provide may be for the private commercial benefit of fee-paying members. Existing state tax exemptions for other types of charitable organisations will not be affected. Further details of this measure are being developed and will be announced as soon as possible.