



Department of Treasury and Finance
Government of Western Australia

Reforming Western Australia's Taxation System

Business Tax Review Outcomes
and Other Reforms

Fewer, fairer and simpler taxes

Reforming Western Australia's Taxation System

**Business Tax Review Outcomes
and Other Reforms**

Fewer, fairer and simpler taxes

December 2003

A copy of this booklet is available on the Department of Treasury and Finance Website at:
www.dtf.wa.gov.au

Further information concerning the contents of this publication can be obtained from:

Department of Treasury and Finance
197 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9222 9222
Facsimile: (08) 9222 9117

ISBN 0 7307 4529 5

Contents

Introduction	1
The Need for Reform	2
Too many taxes	2
A need for fairness	3
Too complicated	4
A changed environment	5
The Business Tax Review	7
What, when and how	7
Findings and recommendations	8
Implementation	9
Other Taxation Reforms	11
Administrative reform	11
Key BTR Reforms Already in Place	13
Pay-roll tax	13
Land tax	14
The Next Round of BTR Reforms	15
Abolition of nuisance taxes	15
Duty on the hire of goods	16
Mortgage duty	16
Conveyance duty	16
Other reforms	17
Future BTR Related Reforms	18
Conclusion	19
For Further Information	20



Fewer, fairer and simpler taxes

Introduction

This booklet aims to provide an overview of recent reforms to Western Australia's taxation system and the background to the reform process.

It briefly identifies the factors contributing to the need for reform of the State's taxation system, the measures undertaken to bring about that reform, and then looks at what changes have already been implemented or are proposed for introduction.

Clearly the State Government needs to retain a sustainable revenue flow in order to meet the service requirements of the Western Australian community and to deliver on its platform of economic, social and environmental commitments.

However, it is also in everyone's interest to limit the number of State taxes, minimise compliance and administration costs, and ensure that the tax burden is levied fairly, without unintended distortions and inequities.

Accordingly, the broad objective of the State Government's taxation reform agenda is to arrive at a system with fewer, fairer and simpler taxes.

The Need for Reform

Apart from the need to replace inefficient and overly bureaucratic statutory requirements, a number of developments in both the public and private sectors during the late 1990s and early 2000s, within Western Australia and Australia as a whole, reinforced the need for major State taxation reform.

These developments included significant changes in Commonwealth-State financial relations, landmark decisions of the High Court, changes to tax systems in other jurisdictions, advances in technology, and numerous changes in the way modern businesses operate and undertake commercial transactions.

These developments highlighted the importance of Western Australia having an efficient, fair and simple tax regime that minimised the burden of tax compliance on Western Australian business and the wider community.

Too many taxes

A regular criticism of the Western Australian (and other States') taxation system over the past decade has been that there were too many individual taxes or separate transaction types to which a tax applied.

Under the Australian Constitution, the States are constrained from levying taxes on the production or consumption of goods, and their powers to levy income tax were taken over by the Commonwealth during World War II.

Accordingly, the States have been left with a relatively narrow base from which to draw taxation revenue. This has resulted in a reliance on taxes on payrolls and land (including conveyance duty), and in some States, gaming machines. It has also, however, resulted in the creation over time of a plethora of duties and charges on a variety of commercial transactions and agreements – in an effort to broaden the over-all tax base.

In Western Australia, it is this collection of different stamp duties and financial transaction charges that was of particular concern. This included life insurance duty, stamp duty on marketable securities, cheques and leases, debits tax and duty on workers' compensation insurance.

These taxes tend to be characterised by a narrow and often declining tax base, are administratively expensive to collect, and increase the compliance burden on taxpayers in terms of the duplication of effort required for record keeping and administration.

A need for fairness

The existence of a number of narrowly based taxes has meant that the payers of those taxes face a higher tax burden, while often others in similar businesses and situations face lower tax burdens.

Stamp duty on cheques for example, discriminates against those that rely on cheques as their principal means of payment, as opposed to electronic payment methods.

Debits tax is another tax that creates inequities. Apart from discriminating against people and businesses that use cheque facilities, it is highly regressive. Small transactions attract a far higher rate of tax relative to the size of the debit. This disadvantages low income earners and small businesses that make frequent use of cheques for small amounts.

The inconsistent application of a particular tax can also raise questions of fairness. For example, the nationwide abolition of stamp duty on listed marketable securities in July 2001 resulted in an inequity in that transfers of unlisted or unquoted marketable securities continued to be liable.

Clearly it is inequitable that the transfer of shares in a widely held company that is not listed on a recognised stock exchange should attract duty, when a similar entity that is listed can have its shares transferred free of duty.

Broadening the State's largest tax bases – stamp duty on conveyances, pay-roll tax and land tax – and abolishing those with narrow and declining taxes bases, is one means of reducing distortions in the tax system and spreading the burden more equally over a greater number of taxpayers.

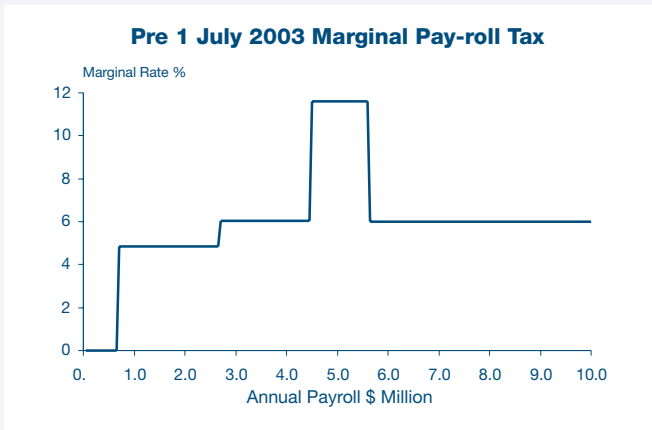
Inconsistency in the application of conveyance duty in particular, has been a source of inequity within the business sector. The need for a more consistent approach in areas such as the transfer of motor vehicle licences between inter-connected companies or the transfer of property interests or chattels under different company and trust structures, has been raised by many in business.

Too complicated

In addition to too many separate taxes and duties making for a complicated taxation system with high compliance and administration costs, some of the existing taxes are individually too complex.

Two of the State's most important taxes – pay-roll tax and land tax – previously involved complicated tax scale arrangements. Both have now been simplified as a result of recent legislative change.

Previously, Western Australia was the only State with a multiple marginal pay-roll tax rate scale. The scale had four different marginal rates of pay-roll tax, ranging from 4.867% to 11.6%, as shown in the figure below.



Employers had to estimate and aggregate their wages across related entities at the beginning of every financial year to determine what rate of pay-roll tax would apply. At the end of each year, estimated and actual wages had to be reconciled and adjustments made accordingly. This process was more complicated and costly, for both employers and government, than that under the revised requirements.

The above figure illustrates the inequitable nature of the former multiple scale. For an employer in the \$4.5 million to \$5.625 million payroll range, each additional \$100 paid in wages cost \$11.60 in pay-roll tax. However, employers with an annual payroll greater than \$5.625 million only paid \$6.00 in pay-roll tax for each additional \$100 paid in wages.

A single marginal pay-roll tax rate has greatly simplified the system, making it fairer and less distortionary.

Land tax has also benefited from legislative reform, to become a simpler arrangement. Previously, the land tax scale consisted of ten threshold brackets. This has since been cut to six.

In particular, the problem of bracket creep, the combined effect of rising property values and a large number of threshold brackets, was seen as a growing problem by many taxpayers – particularly self-funded retirees and those dependent upon income from property investments.

Other areas of complexity included the mortgage duty base, particularly as it related to mortgages taken out over property located in more than one jurisdiction. These complicated arrangements have been in place for over 10 years, with the variances in the regime across jurisdictions often resulting in double mortgage duty being paid. Matters such as the order in which the documentation was stamped across jurisdictions could result in more duty being paid than necessary.

The wider mortgage duty base in Western Australia resulted in the need to develop specialist knowledge which in turn created further complications. For example, the payment of duty on certain types of settlement, licensing and franchise agreements depended on how the instrument was drafted.

A changed environment

During the late 1990s and early 2000s, there were a number of developments in the taxation and government finance landscape that supported the need for reform of the State's taxation system.

Of particular significance was the transfer of a sizeable proportion of the State's tax base to the Commonwealth.

The State lost the ability to tax items such as fuel, liquor and tobacco as a result of a High Court decision in August 1997. These taxes previously accounted for around 20% of the State's tax base. Safety net arrangements were however put in place whereby the Commonwealth was to return revenue raised from taxing these items to the States.

A number of changes also flowed from the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (IGA) signed in 1999. Under this Agreement, the Commonwealth agreed to distribute all GST revenue to the States in place of financial assistance grants and safety net revenues. The States were required to abolish financial institutions duty and stamp duty on listed marketable securities from 1 July 2001. Debits tax is scheduled to be abolished by 1 July 2005 (subject to review).

In the short term, revenue from the GST has proved to be lower than the revenue given up by the States, after taking account of revised expenditure responsibilities under the IGA.

While it is often claimed that the distribution of GST revenue to the States will provide them with a more stable and growing revenue stream, on current estimates, Western Australia still requires additional 'top up' grants from the Commonwealth just to ensure that the State's budget is no worse off than it would have been in the absence of national tax reform. Another important development was the abolition, or announced abolition, of a number of taxes by other Australian jurisdictions.

If unmatched by Western Australia, these have the potential to erode Western Australia's tax base over the longer term as a result of business relocating to other States.

Maintaining the State's tax competitiveness is clearly important in terms of attracting new business to Western Australia, but also in terms of retaining existing industry and for economic growth in general.

Over the past decade there have also been substantial changes to the economic and commercial environment in which business operates.

Some of the more significant of these changes include:

- business now operates in a low inflationary environment, which constrains the ability to pass on cost increases;
- many businesses faces higher tax compliance costs as a result of recent national tax reform – particularly in respect of the GST;
- as a result of technological advances, the location of businesses and business activities are less restricted by geography; and
- businesses have access to more sophisticated methods of structuring their arrangements (for example, the use of put and call options in business contracts).

The Business Tax Review

In recognition of the need for reform of the State's taxation system and in order to focus the attention of affected parties on identifying specific reforms to improve the system, the Government initiated a Business Tax Review (BTR). At the same time, the Office of State Revenue continued a project to unify taxation administration arrangements under a single piece of legislation.

What, when and how

The Western Australian Government announced its decision to conduct a Review of State Business Taxes in the 2001-02 Budget brought down on 13 September 2001. In making this announcement, it outlined the following terms of reference and parameters for the Review.

- The Review will examine all State taxes in Western Australia.
- The Review's overall objective will be to make recommendations on how to improve the efficiency, equity and simplicity of the State's tax system, with a particular focus on minimising compliance costs.
- The Review recommendations must have no net budgetary implications (ie. must be revenue neutral).
- The Review will be conducted by the Department of Treasury and Finance, with submissions being sought from key industry groups.
- The final report of the Review is to be submitted to the Government by 28 February 2002.

The Treasurer Eric Ripper MLA, invited 28 industry, taxpayer and community groups to make written submissions to the Review. These submissions played an important role in identifying issues of concern to business and the general community.

The Treasurer also established an independent Reference Committee to act as a sounding board for reform options and other issues raised in the context of the Review. The Committee was made up of seven representatives of industry and community groups, and two academics. It was chaired by Mr Jonathan Ilbery, partner and solicitor with Jackson McDonald and previous National President of the Taxation Institute of Australia.

The Department of Treasury and Finance held a number of meetings and workshops with industry groups to clarify issues and to provide assistance in developing workable initiatives.

The report of the Review of State Business Taxes was presented to the Treasurer, for consideration by the Government, on 28 February 2002.

In June 2002, a White Paper titled *Streamlining the Tax System*, together with the Report of the Review of State Business Taxes, was published to provide interested parties with an outline and rationale for the package of reforms that were recommended to the Government as a result of the Review.

As part of the consultation process, the Government then sought feedback and comments on the *Streamlining the Tax System* package; with the due date for comments set at 16 August 2002.

In considering these, the Government sought advice from an expanded Reference Committee (including tax professionals) and the Department of Treasury and Finance before finalising its legislative response to the *Streamlining the Tax System* package.

Findings and recommendations

Essentially the Business Tax Review recommended a package of initiatives aimed at delivering a tax system which had fewer taxes; was fairer and less distortionary; improved the State's competitive position; was simpler and easier to understand; and which minimised taxpayers' compliance costs.

The package of reforms aimed to achieve this by –

- **reducing the number of State taxes** by abolishing stamp duty on cheques, leases, listed marketable securities and life insurance in 2003-04; stamp duty on workers' compensation insurance from 2004-05; and debits tax from 2005-06;
- **simplifying the tax rate scales** for the major remaining taxes by replacing the current multiple marginal pay-roll tax rate scale with a single marginal rate of 6.0% above a higher exemption threshold; and reducing the number of thresholds in the land tax scale from 10 to 6;
- **improving inter-jurisdictional harmonisation** by broadening the rental business duty base to capture a wider range of hiring arrangements, while at the same time lowering the rate of duty (on a revenue neutral basis); excluding unsecured and non-lending financial arrangements from

the mortgage duty base, and removing the potential for double duty on interstate mortgages; and aligning prescribed motor vehicle allowances for pay-roll tax purposes with those for Commonwealth income tax purposes;

- **improving Western Australia's tax competitiveness** by progressively abolishing six State taxes (as noted above); reducing the rate of stamp duty on new registrations of heavy vehicles (including heavy trailers) to 3.0%, and introducing a cap on the maximum amount of duty payable on heavy vehicles; and providing stamp duty relief to genuine wholesale unit trusts;
- **accommodating modern business practices** by amending the *Stamp Act* in areas where it has not kept pace with developments in the commercial world (e.g. put and call options, property syndicates, off-the-plan arrangements and mining tenement 'farm-ins');
- **improving tax administration** by developing a Taxpayers' Charter and an integrated self-assessment strategy; implementing enhancements to 'Revenue Online', as part of the Office of State Revenue's electronic commerce strategy; re-writing the *Stamp Act*; and reviewing the Office of State Revenue's information requirements for stamp duty purposes; and
- **broadening the base of the State's larger taxes** – conveyance duty, pay-roll tax and land tax. This included extending the pay-roll tax base to include eligible termination payments; removing the land tax concession for residential land developers; and changing conveyance duty arrangements in respect of 'land rich company' provisions, chattels, intellectual property and goodwill.

Implementation

In order to implement the proposed reforms outlined above, the Government initiated a significant legislative program directly stemming from the Business Tax Review outcomes. It had already endorsed the continuation of an existing project involving the enactment of a new *Taxation Administration Act*, aimed at modernising and improving administration and compliance arrangements.

Given the scale and complexity of the changes, it was eventually decided to embark on a progressive program involving several rounds or sets of legislation, to form a complete package.

The first round of the *Business Tax Review legislation* – *Business Tax Review (Assessment) Act 2003* and the *Business Tax Review (Taxing) Act 2003* – was passed in June 2003, and focused on reforming pay-roll and land tax arrangements. The changes came into effect on 1 July 2003.

The second round of legislation – the Business Tax Review (Assessment) Bill (No2) 2003 and Business Tax Review (Taxing) Bill (No 2) 2003 – was passed in November 2003. These Acts give effect to the stamp duty, conveyance duty and debits tax recommendations of the Review.

A third round of BTR related legislation is scheduled for introduction to the Parliament in 2004. This third round of legislation will focus primarily on achieving further reforms to conveyance duty arrangements.

Other Taxation Reforms

Administrative reform

As noted previously, in addition to BTR related taxation reforms, a number of other improvements to taxation administration arrangements have been implemented or are in progress.

Of particular significance, was the passage in March 2003 of the *Taxation Administration Act 2003*. Essentially this Act sets out the arrangements for the collection and administration of land tax, pay-roll tax, stamp duties and debits tax.

The *Taxation Administration Act* amalgamated and standardised the administrative provisions of the four major taxing acts – namely, the *Pay-roll Tax Assessment Act*, the *Stamp Act*; the *Land Tax Assessment Act*; and the *Debits Tax Assessment Act* – into a single Act. The Act provides an overarching framework for the administration of taxation, including the Commissioner's role, assessments, penalties, refunds, objections and appeals, recovery, investigation powers and the requirement to keep tax records.

The legislation represented a major step forward in improving the efficiency of taxation and revenue administrative processes in Western Australia. It has resulted in more clearly defined and consistent administrative arrangements, which are easier to understand and less costly to comply with. The rights of taxpayers during an investigation are also now much clearer.

An example of an efficiency improvement is the adoption of consistent time periods across land tax, stamp duty and pay-roll tax, for paying reassessments and lodging objections or appeals. Previously, these time periods varied from one tax to the next creating taxpayer confusion and compliance problems.

Importantly, the new Act recognises technological advances and modern business processes by allowing for the provision of electronic services. By having just the one Act covering taxation administration, initiating future legislative change should be a quicker and easier process. Previously, implementing efficiency improvements and accommodating technology changes were hindered by the complexity of the legislative mix.

As a consequence of this new legislation, the pay-roll tax, land tax and debits tax legislation has been rewritten.

An important amendment made to this legislation during its passage through the Parliament was the requirement for the Commissioner of State Revenue to publish his practices relating to the assessment of tax, before he can establish or direct that these practices be observed. This amendment was aimed at improving the transparency of tax administration processes in order to allow practitioners and taxpayers to more effectively deal with taxation assessments.

The process of identifying, re-writing where necessary, and then publishing the Commissioner's practices is a significant undertaking. Upon completion of the project by mid-2004, the governing legislation (section 127 of the Taxation Administration Act) will be proclaimed in order to make the application of Commissioner's Practices fully operational.

In the interim as particular Commissioner's Practices are revised they are being posted to the Office of State Revenue web site. Upon completion of this project, taxpayers will have access to one of the most comprehensive publications regarding the assessment of tax in Australia.

Key BTR Reforms Already in Place

A number of BTR reforms were introduced prior to 1 July 2003. These included:

- a reduction in the rate of stamp duty on new registrations of heavy vehicles and heavy trailers to a flat 3.0%, and a cap on the maximum amount of stamp duty payable on new registrations and second hand transfers of heavy vehicles and heavy trailers, from 1 July 2002; and
- an expanded scheme to provide tax relief for transfers of bank accounts from a bank that closes in a regional community to any remaining bank within the same community (providing the bank which closed does not retain another presence in the community).

These measures were introduced without the need for BTR specific legislation.

The passage in June 2003 of the first round of the BTR legislation brought into effect a number of significant changes to pay-roll and land tax arrangements in Western Australia.

Pay-roll tax

As of 1 July 2003, the previous multiple marginal rate, pay-roll tax scale was replaced by a single rate of 6%, above a new higher exemption threshold of \$750,000 (up from \$675,000).

The revised single rate removed the inefficiencies and inequities caused by a multiple marginal rate scale, and also reduced compliance and administration costs for both business and the Government.

As a result of the reform, around 4,400 employers with annual payrolls ranging from \$675,000 to \$1.1 million and those over \$4.8 million, pay less pay-roll tax. Of these, around 400 small to medium sized employers have been freed from paying pay-roll tax altogether. An estimated 3,910 medium-sized employers with pay-rolls between \$1.1 million and \$4.8 million experienced an increase in their pay-roll tax bills, but will benefit from other measures.

Other changes to pay-roll tax arrangements were introduced to make the system more efficient and equitable – including broadening the pay-roll tax base to include eligible termination payments, which are payments made at the termination of an employee, such as ‘golden handshakes’.

Land tax

With land tax, the number of threshold brackets was cut from ten to six – making for a simpler system.

Widening and reducing the number of threshold brackets resulted in a lower land tax liability for up to 80,000 (or about 58% of) land tax payers and an unchanged land tax liability for around 51,000 (or about 38% of) land tax payers. Around 5,000 (or 4% of) land tax payers, with unimproved land values between \$700,000 and \$1.9 million, will have higher land tax liabilities under the new arrangements.

As a result of the simplified scale, it has been estimated that the average number of years it will now take the value of a property to advance through each threshold bracket will double from eight years to around 16 years – hence reducing the incidence of bracket creep.

The Next Round of BTR Reforms

The November 2003 passage of the second tranche of BTR legislation gave effect to a raft of further taxation reforms, including the abolition of six taxes, including a number of 'nuisance taxes'. This legislation focused on many of the stamp duty, conveyance duty and debits tax recommendations of the Review.

Abolition of nuisance taxes

An integral part of the broader taxation reform package is the abolition of the following six State taxes over the next two years:

- stamp duty on cheques from 1 January 2004;
- stamp duty on leases from 1 January 2004;
- stamp duty on unlisted marketable securities from 1 January 2004;
- stamp duty on life insurance from 1 July 2004;
- stamp duty on workers' compensation insurance effected on or after 30 June 2004; and
- debits tax from 1 July 2005.

These six taxes raise around \$150 million per year. Over 60% of this figure is derived from debits tax – scheduled to be abolished from 1 July 2005. The five stamp duties listed, raise in the order of \$50 million each year.

The abolition of stamp duty on workers' compensation insurance from 1 July 2004 will be at a cost to revenue of around \$26 million per year, but will benefit an estimated 60,000 employers.

While together these six taxes raise about \$150 million per year, they typically have high administration and compliance costs and often, quite narrow tax bases. The nuisance nature of some of these taxes is highlighted by the fact that it has been estimated that the total cost of collecting stamp duty on cheques, may well exceed the revenue raised.

The cost of abolishing these taxes will be partially offset by broadening the conveyance duty base. The net cost to Government revenue of the second round of reforms over the next four years will be in the order of \$54 million. This cost has already been factored into the 2003-04 State Budget figures.

Duty on the hire of goods

As of 1 July 2004, the current rental business duty regime will be replaced with a broader based hire of goods regime. In particular, the tax base will be broadened to include hire purchase agreements, although consumer credit agreements (such as those offered at electrical and department stores) will remain duty free.

The new regime will have a lower rate of duty on rental agreements of 1.5% for ordinary hires (down from 1.8%), and a lower rate of duty of 0.75% will be introduced to apply to hire purchase agreements and other hires that have a term of greater than nine months.

In addition, the exemption threshold will be increased from \$25,000 to \$50,000, which will free around 150 smaller taxpayers from the tax base and the amount of short-term hiring charges received that are below the threshold will be made exempt from hiring duty.

Mortgage duty

From 1 January 2004, the mortgage duty base will be narrowed to exclude instruments such as unsecured loan agreements, non-lending financial arrangements (eg. franchise agreements and license agreements) and instruments that do not create charges over property (eg. guarantees, bonds and covenants).

A single rate of mortgage duty of 0.4% will be introduced, except for loans related to a principal place of residence, which will continue to receive a concessional rate of 0.25%. This adjustment will limit the maximum additional amount of duty payable for each primary instrument of security to \$52.50.

Conveyance duty

The second round of BTR legislation also included a number of reforms to conveyance duty arrangements. These are aimed at improving Western Australia's tax competitiveness, accommodating modern business practices, broadening the tax base and enhancing existing concessions.

Some of the key conveyance duty reforms, set to commence as of 1 January 2004, include:

- introducing provisions to remove a competitive disadvantage in terms of attracting investment from wholesale property trusts to the State;
- updating the *Stamp Act* to reflect modern business practices in such areas as simultaneous put and call options and substituted purchasers,

plus exempting mining tenement farm-ins and providing relief for unit trusts intending to float;

- broadening the scope of the corporate reconstruction provisions to include the transfer of motor vehicle licences and allow direct property transfers between certain sister subsidiaries of holding companies;
- increasing the property value thresholds for the \$500 conveyance duty rebate for first home buyers – from \$135,000 to \$185,000 for established homes; from \$202,500 to \$277,500 for established homes north of the 26th parallel; and from \$52,000 to \$72,000 for vacant land. This will result in around 4,000 additional first home buyers being eligible for the rebate;
- providing for the ability to reassess conveyance duty where a lower contingent amount is ultimately realized; and
- reducing distortions and avoidance opportunities and spreading the burden of taxation more equally over a greater number of transactions by:
 - reducing the threshold of the 'land rich company' provisions from 80% to 60%;
 - applying conveyance duty to chattels transferred with any type of dutiable property, rather than just land;
 - including in the duty base intellectual property such as trademarks, patents and copyrights transferred in conjunction with a business;
 - removing the exemption that previously limited the amount on which duty could be charged on undocumented transfers of goodwill to the consideration paid;
 - including in the duty base changes in beneficial ownership arising through court orders, schemes of arrangement, mergers and statutory vestings; and
 - applying conveyance duty to unit trusts which become private based on the status of the trust following the transaction.

Other reforms

The second round of legislation also included a number of other minor measures that, while not stemming directly from the Business Tax Review, are designed to either clarify aspects of existing tax laws or allow for the improved administration of those laws.

For example, from 1 January 2004, taxpayers will have the capacity to obtain an opinion from the Commissioner of State Revenue, on whether the 'land rich' provisions will apply to particular property acquisitions. Likewise, the Commissioner will be able to withdraw an assessment in certain circumstances. The method of charging duty on the grant of new motor vehicle licenses will also be streamlined to simplify the duty calculation.

Future BTR Related Reforms

While the *Stamp Act 1921* has already been substantially improved by the amendments included as part of the second round of BTR legislation, it is proposed to introduce further stamp duty reforms as part of a third and final round of BTR legislation – to be considered by the Parliament in 2004.

The third round of legislative reforms will clarify how stamp duty is applied to 'off-the-plan' property transactions, and transfers involving property syndicates. It will also improve the equity of the tax system by ensuring that transactions which result in public companies becoming private and de-listing from a recognised stock exchange are treated in the same way as other private acquisitions.

Finally, in addition to proposed reforms requiring legislative change, there are a number of other initiatives either underway or planned that will contribute to the on-going reform process.

As part of this package, planning has already commenced for a major rewrite of the Stamp Act to make it easier for taxpayers to understand and comply with, and to allow for more efficient government administration. This initiative will include a review of provisions applying to companies, partnerships and trusts and involve considerable industry consultation. Once commenced, this work is expected to take two years to complete.

In addition, a Taxpayer's Charter will be developed that clearly enunciates taxpayers rights and obligations and codifies the level of service they can expect from the Office of State Revenue. This is scheduled for release by 1 July 2004.

Another initiative aimed at making compliance as simple as possible and minimising associated costs, is the development and implementation of an integrated e-commerce strategy. The implementation of this strategy is already underway, and includes significant enhancements to the existing Revenue Online system.

Conclusion

In announcing the Business Tax Review in late 2001, the Western Australian Government embarked on the most comprehensive and ambitious taxation reform agenda ever undertaken in this State.

Significant simplifications to pay-roll tax and land tax, the abolition of six taxes, including nuisance taxes, substantial streamlining of compliance and administrative processes, and the removal of various distortions and inequities within the State's taxation system, are all part of a far reaching and on-going program of reform.

The Government set out to improve the efficiency, equity and simplicity of the State's taxation system. A particular focus has been the need to minimise compliance costs and ensure that Western Australia remained a competitive place to do business.

There was also a recognition that the existing complicated mix of taxation legislation was in desperate need of review and that administrative processes needed to be more reflective of modern business and commercial practices.

This booklet outlines achievements to date with the State Government's taxation reform agenda and summarises those reforms that are currently in train or are proposed. From the information provided, it is evident that Western Australia is making substantial progress towards having a taxation system characterised by 'fewer, fairer and simpler taxes'.

For Further Information

For further information concerning the Business Tax Review or changes being made to Western Australia's taxation system, visit the Department of Treasury and Finance web site at www.dtf.gov.au.

To make enquiries about particular taxes or duties, contact the Office of State Revenue:

General Enquiries:	(08) 9262 1400
Country Callers:	1300 368 364
Facsimile:	(08) 9226 0842
Email:	osr@dtf.wa.gov.au
Office Hours:	8:00am to 5:00pm Monday to Friday
Postal Address:	GPO Box T1600, Perth WA 6845
Payment & Enquiries:	Office of State Revenue Plaza Level, Mt Newman House 200 St George's Terrace Perth WA 6000

Fewer, fairer and simpler taxes
