

AFTS Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

I ask the Committee to review all those stamp duties levied on a **GST-inclusive** basis, including insurance products and motor vehicle transfers (and other similar imposts such as excise).

I understand that any changes to the GST base may not be a part of the Review, but this matter more correctly relates to stamp duty, and not to GST.

Two real-life examples are attached (Attachment 1 and Attachment 2).

The current practice:

- is unfair and inequitable, being a "tax on a tax." It is surely not intended to give the States this windfall gain to their revenues
- disguises the (higher) real percentage rate upon which stamp duty is based (*e.g.* a 10% stamp duty is really an 11% duty on the **GST-exclusive** price)
- is exacerbated by the relatively high rates of inflation now evident.

There seem to me these possibilities, in descending appeal:

- such stamp duties be abolished
- such stamp duties be levied at their existing % on a GST exclusive basis (to raise less revenue)
- such stamp duties be levied on a **GST-exclusive** basis to raise the same revenue, and the % rates are shown as the (real) higher rates.

Whatever their professed counter arguments, the States will no doubt be reluctant to reduce their take from such stamp duties. However, the Federal Government is well placed to reimburse States for any loss of revenue from their rapidly escalating GST revenues, should it see fit.

Recommendation: that such stamp duties (and other similar imposts) be abolished.

This would:

- reduce the burden on "working families", and on retirees and business
- reduce the cost of insurances on family homes, so making housing more affordable
- lessen the now excessive cost of motoring (through reduced motor vehicle transfer costs and excise on petrol).

This change would appear to be readily accomplished with no added complexity to the taxation system.

Thank you for the opportunity to make this submission.

A handwritten signature in dark ink, appearing to read 'Andrew Rose', with a stylized, flowing script.

Andrew Rose

15 September 2008

ATTACHMENT 1

INVITATION TO RENEW & TAX INVOICE
Schedule of EndorsementsWords in **bold** are defined words in the **policy**.

The following endorsements are changes to the policy wording. You should read them together with your policy wording.

Q4. Earthquake ExcessIf the **insured event** is **earthquake** then the **excess** payable is \$200 or the **policy excess**, whichever is greater.J1. Joint policy discountWe have given **you** a discount for having both **your home** building and contents insured with **us**.J3. Contents no claim bonus discountWe have given **you** a no claim bonus discount because **you** have made no claims on **your contents policy**.
The number of years no claim bonus entitlement that has been allowed is shown on **your schedule**.57. Security Devices Fitted 10%We have reduced **your premium** because key operated security devices have been fitted to the building at the **site**, **you** must pay an additional amount of \$300.00 for each claim for theft or vandalism in addition to the **excess** unless the devices are fully engaged and the keys removed at all times when the **site** is left unattended.N3. Over 50 Seniors Discount

In recognition of your status, as one of our valued senior customers, we have provided you a specially discounted premium on your policy.

TAX INVOICE

If you are registered for GST purposes, your input tax credit entitlement is, or is based on, the GST amount shown below. Please note that, in accordance with the GST law relating to insurance premiums, the GST amount may be less than 1/11th of the total amount payable.

This document will be a tax invoice for GST when you make a payment.

PREMIUM BREAKDOWNYour premium of
includes:

- a provision for fire or emergency service levy of
- GST of
- stamp duty of

12 Months

\$214.00

6 Months

\$120.00

\$0.00

\$17.69

\$19.45

\$0.00

\$9.92

\$10.91

ie Insurance premium 176-90

GST (10%) 17-69

194-59

Stamp Duty (10%) 19-45

Total

≈

214-00

11% of 176-90

Aon Risk Services Australia Limited

ATTACHMENT 2

AON

Aon Risk Services Australia Limited

ACN 000 434 720

ABN 17 000 434 720

TAX INVOICE**I4560002***If you have any queries please contact:*

Lynda Mellows

PO Box 7026

CLOISTERS SQUARE WA 6850

Phone 08 9429 4444 Fax 08 9429 4490

Our Reference : AON C6F C2804 9871358/000**Invoice Date** : 29.05.2008**Class** : MOTOR VEHICLE**Insurer** : QBE MAIN**Policy No.** :**Period** : 31.05.2008 to 31.05.2009**Premium**

4,931.42 ✓

Premium & FSL GST

493.14 ✓

Stamp Duty (No GST)

542.41

*Quoted as 10% but 11%
on GST exclusive basis
results*

Total Amount A\$

5,966.97 ✓

TRANSACTION DESCRIPTION

New Commercial Motor Policy
For the period 31 May 2008 to 31 May 2009

The Total Amount is due and payable by 13.06.2008

----- Detach Here -----

PLEASE TEAR THIS SLIP OFF AND RETURN WITH YOUR PAYMENT

Aon Risk Services Australia Limited
GPO Box 3668
SYDNEY NSW 2001

Reference AON C6F C2804 9871358/000**Invoice No.** I4560002**Client Name** Concept Cabling Services**Please see over for payment methods****Total Amount A\$**

5,966.97