

1991

FINANCIAL INSTITUTIONS DUTY REGULATIONS (AMENDMENT)

**Circulated by the Authority of the Minister for Finance and
Urban Services**

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Background

The Financial Institutions Duty Act 1987 (the Act) was recently amended to, inter alia, repeal the automatic exemptions provided on accounts held by financial institutions on behalf of government departments and statutory authorities, and to require such organisations to reapply for exemption under Section 19 of the Act.

Under Section 19 the Commissioner for ACT Revenue may approve the exemption of accounts for various reasons. An amended provision allows the Commissioner to approve the exemption of accounts held on behalf of government departments and statutory authorities where these accounts are solely funded from consolidated revenue.

A further exemption is being prescribed for certain accounts held on behalf of non-business Government Departments and Statutory Authorities.

Outline of Regulation

Prescribes for the purposes of exemption from financial institutions duty under Section 19(1)(e) of the Act, certain accounts held by a registered financial institution on behalf of a non-business government body.

The details of the proposed Regulations are as follows:

Commencement

Clause 1 - provides for the regulations to commence on 1 March 1991.

Substitution

Clause 2 - provides for Regulation 3 of the Financial Institutions Duty Regulations to be repealed and substituted with a new Regulation 3, as indicated below.

Prescribed Accounts

Clause 3(1)(a) - continues the exemption provided by the repealed regulation 3 and provides that accounts held by a bank which is a registered financial institution under the Act and is operated by or on behalf of:

- (i) two or more building societies or credit societies;
or
- (ii) a person who operates the account on behalf of two or more building societies or credit societies

is a prescribed exempt account for the purposes of Section 19(1)(e) of the Act.

Clause 3(1)(b) - provides that an account kept by a registered financial institution on behalf of a non-business government body, other than an account that:

(i) is kept and used at any time for receiving money from a transaction that results from the carrying on of an activity in the nature of business by, or on behalf of the body, and whether or not for profit; or

(ii) is exempted by Section 19(1)(ca) of the Act;

is a prescribed exempt account for the purposes of Section 19(1)(e) of the Act.

Clause 3(2) defines certain words in clause 3(1).

Minister for Finance and Urban Services.