

Business Franchise (Tobacco) (Amendment) Bill

EXPLANATORY MEMORANDUM

Clauses 1, 2 and 3

These clauses contain the usual purpose, commencement and citation provisions.

Clause 4

This clause implements the Budget decision to increase the tobacco franchise fee from 30 per cent to 35 per cent in section 10 of the Act. The clause also makes a consequential amendment to section 10 (2) to adjust the fraction which must be applied to the value of tobacco sold to retailers to ensure that the licence fee is based on the wholesale price of the tobacco exclusive of the licence fee.

Sub-clause (2) contains the commencement date for the application of the increased licence fee, namely to licences issued on or after 1 October 1989.

Sub-clause (3) contains a transitional provision which ensures that the Act as currently in force continues to apply to licences ending before 1 October 1989.

Clause 5

This clause contains two technical amendments. Firstly it corrects a grammatical error in section 7 (3B) of the Principal Act. Secondly it ensures that section 11C (1) applies to retail sales.

Clause 6

This clause inserts provisions for service of documents in line with provisions contained in other taxing legislation such as the Financial Institutions Duty Act, Land Tax Act, and Pay-roll Tax Act. Under the amendment, service need not be exclusively personal service.

Clause 7

This clause makes the same amendment regarding a grammatical error as that contained in Clause 5, to the *Business Franchise (Petroleum Products) Act 1979*.

