

**RESPONSE TO FINANCE AND ADMINISTRATION COMMITTEE'S  
REPORT NO. 3, 55<sup>th</sup> PARLIAMENT – PAYROLL TAX REBATE, REVENUE AND  
OTHER LEGISLATION AMENDMENT BILL 2015**

**Recommendation 1**

*The Committee recommends that Queensland Treasury undertake an education and awareness campaign providing detailed explanations about how the concession operates.*

The Committee's recommendation is accepted. Once the amendments are passed, the Commissioner of State Revenue will write to the peak industry bodies that provided submissions to the Committee as well as the Australian Petroleum and Production Authority inviting them to identify what education their members require in relation to the farm-in concession, and how this can most effectively be delivered. An appropriate education and awareness campaign providing detailed explanations about how the concession operates, informed by industry's response on content and approach, will then be developed and delivered at the earliest possible opportunity.

**Recommendation 2**

*The Committee recommends that Queensland Treasury prepare and publish a Public Ruling confirming the administrative approach to be taken, including clear examples of what is considered to be ascertainable as opposed to solely milestone or outcome based, to ensure taxpayer certainty in regard to outcomes based agreements.*

The Committee's recommendation is accepted. As soon as practicable after the amendments are passed, the Commissioner of State Revenue will prepare and publish a Public Ruling confirming the administrative approach to the qualifying criteria requiring the spending of a "stated amount" under the agreement, to ensure taxpayer certainty on this issue.

As advised to the Committee, the Ruling will include clear examples of the types of agreements which will qualify for the concession, where a dollar amount is stated, or able to be calculated by reference to objective and ascertainable evidence. It will also provide examples of solely milestone or outcome based agreements, which will not qualify for the concession.

In developing the Ruling consultation will be undertaken with peak industry bodies.

### Recommendation 3

*The Committee recommends that the Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships consider the issues raised by the Queensland Law Society and contemplate whether amendments are warranted to section 84G(1) to ensure that the meaning, as articulated in the explanatory notes, is clear.*

Having considered the issues raised by the Queensland Law Society, I am satisfied that no amendments are warranted to section 84G(1) to ensure that the meaning, as articulated in the explanatory notes is clear.

I have confirmed the Office of State Revenue (OSR) remains of the view that further amendment to section 84G is not required to make it clear that section deems the type of dutiable transaction for a farm-in agreement to be an agreement for transfer. OSR has consulted the Office of Parliamentary Counsel in forming this view.

### Recommendation 4

*The Committee recommends that the Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships consider the concerns raised by stakeholders that the 30 day notice provisions do not contemplate when disputes arise and given consideration to what actions are necessary to address these concerns.*

Having considered the concerns raised by stakeholders that the 30 day notice provisions for proposed section 84L of the *Duties Act 2001* do not contemplate when disputes arise, I am satisfied that no change to the time period is necessary to address these concerns.

A 30 day lodgement period is the standard period under the *Duties Act 2001* for parties to lodge with the Commissioner materials required for assessment. Section 84L requires provision of a notice by the farmee to the Commissioner and lodgement of the farm-in agreement within 30 days after a farmee under an up-front farm-in agreement fails to spend all or part of the exploration amount. The question of whether there has been a failure to spend all or part of the exploration amount is a question of fact. As the obligation to notify rests with the farmee, that party is well positioned to determine whether this has occurred.

Even if there is a dispute between the parties over whether the exploration amount has been spent which are not resolved within the 30 days, as raised by Queensland Law Society, this will not prevent the farmee from giving notice with the qualification that there is a dispute as to whether the exploration amount has been spent. This has not been an issue throughout the operation of the concession under Public Ruling DA000.12.1 since 27 June 2013.

A range of existing notification obligations exist across Queensland's revenue legislation, requiring notice from a range of taxpayers. For example:

- under the *Duties Act 2001*, the Commissioner must be given notice within a specified period of material change in circumstances in relation to certain pooled public investment unit trusts - section 76C(2) *Duties Act 2001*;
- also under the *Duties Act 2001* a taxpayer who has received a home concession from transfer duty must give notice to the Commissioner within a specified period of

- failing to meet certain residence requirements (either by disposing of the property within, or failing to occupy it for, a specified period) – section 155 *Duties Act 2001*;
- under the *Taxation Administration Act 2001*, a taxpayer must give the Commissioner notice within a specified period of when it becomes (or ought reasonably have become) aware that taxation has been under assessed; and
  - under the *Land Tax Act 2010*, a taxpayer must give the Commissioner notice within a specified period of when conditions relating to concessional treatment for transitional homes are not met concerning whether particular properties are owned or occupied at certain dates – s44A *Land Tax Act 2015*.

None of the notification periods for the above examples exceed 30 days.

Factual disputes could exist as to whether the circumstances requiring many of these notifications have occurred; however, it does not mean that the parties are unable to comply with the notification requirement. They would merely indicate the existence of the dispute in giving notice.

I am satisfied that there are no issues with the existing notice provisions in relation to the ability to comply where there is a dispute as to the existence of circumstances for giving notice, and that section 84L will likewise be able to apply in that scenario, without amendment.

However, the Commissioner of State Revenue will undertake education and awareness with stakeholders on this issue and will publish further guidance if required.

## **Recommendation 5**

***The Committee recommends that the Minister consider investigating additional methods of increasing the employment opportunities of apprentices and trainees.***

The Committee's recommendation is accepted.

The broad range of initiatives being implemented under *Working Queensland* highlights the Government's commitment to growing the economy, reducing the unemployment rate and creating real and sustainable jobs for Queenslanders. As part of the Queensland Government's commitment to job creation, the Government will consider investigating alternative options to increase the employment opportunities of apprentices and trainees.