

SEPARATION OF COMMONWEALTH AND STATE FINANCES.

TABLE SHOWING EFFECT OF COMMONWEALTH PROPOSALS.

	Federal Taxes Surrendered.						Per Capita Payments under Surplus Revenue Act. 7.	Difference between Columns 6 and 7. 8.	Adjusting Grants to States. 9.	Special Assistance to States. 10.	Gain to the Taxpayers of the States. 11.
	Land Taxes. 1.	Estate Duties. 2.	Entertainments Tax. 3.	40 per cent of Income Tax on Individuals. 4.	40 per cent. of Income Tax on Companies. 5.	Total Taxation Surrendered. 6.					
	£	£	£	£	£	£	£	£	£	£	£
New South Wales	1,093,641	536,410	126,000	1,159,450	452,975	3,368,476	2,909,020	+459,456	459,456
Victoria	472,749	461,596	110,000	949,076	277,198	2,270,619	2,144,796	+125,823	125,823
Queensland	228,317	100,792	35,000	333,079	159,243	856,431	1,094,766	-238,335	289,000	..	50,665
South Australia	189,426	127,928	25,000	289,886	96,726	728,966	700,849	+28,117	23,000	..	51,117
Western Australia	80,588	47,252	18,000	165,893	64,119	375,852	564,688	-188,836	152,000	450,000	413,164
Tasmania	46,279	26,022	6,000	80,629	28,078	187,008	273,381	-86,373	136,000	378,000	427,627
Totals	2,111,000	1,300,000	320,000	2,978,013	1,078,339	7,787,352	7,687,500	+99,852	600,000	828,000	1,527,852

1. **LAND TAX.**—The £2,111,000 represents the average collections in the three years ended 30th June, 1924, and does not include taxes on Crown leaseholds. This basis of estimating the amount of tax has been adopted as the collections for 1924–25 and 1925–26 include arrears of the tax on Crown leaseholds. The actual collections in 1924–25 were £2,519,711 and the estimated receipts in 1925–26 total £2,800,000. The distribution amongst States is on the basis of the taxable lands in each State, as shown in the assessments for 1922–23 which amounted to £2,143,343. Since 1922–23 the valuations have materially increased. At the present time, Land Taxes are imposed in all States except New South Wales. The Commonwealth Land Tax was first imposed in 1910–11. The rates were increased in 1914–15 by approximately 30 per cent. In 1918–19 a further increase of 20 per cent. was imposed. The rate of tax was reduced by 20 per cent. in 1922–23.
2. **ESTATE DUTIES.**—The total of £1,300,000 is somewhat below the collections of the last three years. The collections were £1,320,911 in 1923–24 and £1,381,051 in 1924–25, whilst it is estimated that the receipts in 1925–26 will exceed £1,350,000. The distribution amongst States is based on the actual assessments in respect to each State for 1923–24 and 1924–25. In the assessments, the amount attributed to each State represents the actual duty on the assets of estates in that State.
All the States impose Death duties, though the basis varies in the several States.
3. **ENTERTAINMENTS TAX.**—These figures represent the estimated receipts for a full year at the reduced rates which came into operation on 15th October, 1925. The distribution amongst the States is on the basis of the actual collections in the ten months ended 30th April, 1926, in respect of entertainments in the respective States.
This tax is now levied only in cases where the charge for admission is 2s. 6d. or more. At one time the tax was levied where the charge for admission was 6d. or more. The actual collections in recent years were:—1921–22, £675,675; 1922–23, £629,802; 1923–24, £622,460; 1924–25, £680,586.
- 4 and 5. **INCOME TAXES.**—These figures represent 40 per cent. of the estimated assessments for 1926–27 at the rates of tax now applying. The estimate is based on the actual assessments for 1924–25. Allowance has been made for the reduction of 12½ per cent. in the rate of tax effected this year, and for an average annual growth of 6 per cent. in the taxable incomes. The amounts have been apportioned amongst the States on the basis of the actual collections in each State during the last five years after allowing for the distribution of the Central Office Collections of taxes on individuals on a population basis, and for the distribution of Central Office collections of taxes on companies on the basis of the taxable incomes of companies under State laws.
The rates of Income Tax on individuals were reduced by 10 per cent. in 1922–23, a further 10 per cent. in 1924–25, and a further 12½ per cent. in 1925–26. The amount of non-taxable income was raised to £300 in 1924–25. The actual collections in recent years were:—1921–22, £16,790,682; 1922–23, £12,904,518; 1923–24, £11,057,555; 1924–25, £11,136,344.
7. **PER CAPITA PAYMENTS.**—These figures represent 25s. per head of the estimated population of the respective States at 31st December, 1926, together with a special payment of £87,188 in the case of Western Australia.
- 9 and 10. **ADJUSTING GRANTS AND SPECIAL ASSISTANCE.**—The object of the adjusting grants is to secure that each State is in a better position by approximately £50,000 than if the *per capita* payments were made as at present and taxes were not surrendered to the States. In the case of Western Australia, it was proposed to provide special relief totalling £450,000, subject, amongst other things, to the discontinuance of the special payment of £87,188 which that State would have been entitled to under the Surplus Revenue Act. The full amount of £450,000 is accordingly included in column 10 and the deduction of £87,188 has been allowed for in fixing the amount of the adjusting grant to Western Australia. The amounts of £450,000 for Western Australia and £378,000 for Tasmania represent assistance to be given to those States on special grounds independent of the general financial re-adjustment of Commonwealth and State Finances.

