EXPLANATORY STATEMENT

Consular Privileges and Immunities (Indirect Tax Concession Scheme) Amendment Determination 2005 (No.1)

Issued by the Authority of the Minister for Foreign Affairs

Subject: Consular Privileges and Immunities Act 1972

Consular Privileges and Immunities (Indirect Tax Concession Scheme) Amendment Determination 2005 (No. 1)

Section 10A of the Consular Privileges and Immunities Act 1972 provides that the Minister may make Determinations to provide the Commissioner of Taxation to pay the head of the consular post (or a person in a class of persons determined by the Minister) an amount equal to the amount of indirect tax payable (if any) in respect of the supply of that acquisition.

The purpose of the Determination is to amend the Consular Privileges and Immunities (Indirect Tax Concession Scheme) Determination 2000 to create new and amend existing Indirect Tax Concession Scheme (ITCS) packages which provide tax concessions to consular posts and accredited staff. The effect of the Determination is to update the schedule of countries by amending existing entries and adding new entries that detail the ITCS package available to particular countries.

Consular Posts and accredited staff are exempt from paying direct taxes under the Vienna Convention on Consular Relations (Articles 32 and 49). In line with international practice, tax concessions on indirect taxes are also extended to consular posts and accredited staff. In Australia, indirect tax concessions are provided under the ITCS. Individual packages are negotiated with each country, and the level of concessions provided is broadly based on reciprocity.