



OFF-ROAD DIESEL SUBSIDIES

Cessation from 1 July 2000

Fuel Subsidies Act

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Revenue Circular: FS 001

TERRITORY REVENUE MANAGEMENT

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Purpose of this Circular

1. The purpose of this circular is to advise of:

- the cessation of off-road diesel subsidies for diesel supplied on or after 1 July 2000; and
- administrative arrangements and obligations concerning claims for supplies of diesel made prior to 1 July 2000.

Cessation of Off-road Diesel Subsidies

2. Off-road diesel subsidies are to cease to apply in relation to supplies of diesel made on or after 1 July 2000. The cessation forms part of the Territory's commitments under the national tax reform arrangements (known as *A New Tax System*) under which:

- the replacement revenues paid by the Commonwealth to the States and Territories (in lieu of their former business franchise fees on fuel) will cease on 1 July 2000; and
- the Commonwealth is extending its Diesel Fuel Rebate Scheme and introducing an extended Diesel & Alternative Fuel Grant Scheme. For further details on these schemes, contact the Australian Taxation Office Diesel Fuel Hotline on 1300 657 162 or visit its Internet website on www.taxreform.ato.gov.au.

Arrangements and Obligations for Supplies made Prior to 1 July 2000

3. Off-road diesel subsidies will continue to apply in relation to diesel supplied prior to 1 July 2000. The following sets out the administrative arrangements and obligations of claimants which will remain in force under the *Fuel Subsidies Act*:

- applications in the approved form must be made within three years after the diesel was supplied;
- the fuel must only be used in the Territory for any purpose other than propelling a road vehicle or within the territorial sea of the Commonwealth. Failure to meet this condition will result in a requirement to repay the subsidy; and/or
- for audit purposes, claimants must retain records of sufficient detail to enable the Commissioner to determine the amount of fuel supplied and the manner in which it was used for a period of five (5) years after the subsidy claim was made.

Reference should be made to the *Financial Relations Agreement (Consequential Provisions) Bill 2000* for precise details of the proposed amendments. For general information, please contact this office on ☎ (08) 8999 7941.

COMMISSIONER OF TAXES