

**SOUTH AUSTRALIA**



**RevenueSA**

**Debits Tax  
Financial Institutions Duty  
Stamp Duty**

**Circular No. 190**

**STATUTES AMENDMENT (FINANCIAL INSTITUTIONS) ACT 1999**

The *Statutes Amendment (Financial Institutions) Act 1999* (“the amending Act”) amends the *Stamp Duties Act 1923*, the *Debits Tax Act 1994* and the *Financial Institutions Duty Act 1983*, to maintain the status quo in respect of the collection of cheque duty, debits tax and financial institutions duty.

The amendments arise as a result of changes to the Commonwealth provisions relating to the issuing of cheques. The *Cheques and Payment Orders Amendment Act 1998*, (Cth), which came into operation on 1 December 1998, amends the *Cheques Act 1986* (Cth), to encourage competition in the financial services sector by allowing credit unions and building societies and their industry Special Service Providers (“SSPs”) to issue cheques in their own names. Customers of credit unions and building societies will be able to draw cheques on their own financial institution, or on their institution’s SSP, rather than the current practice of drawing cheques on a bank through agency arrangements.

The Commonwealth reforms seek to make it clear to customers which financial institution cheques are drawn on, and therefore removes any ambiguity which may arise where agency cheques have two financial institutions denoted thereon. Additionally, these measures provide customers with greater freedom in choosing a financial institution, in that the products to be offered by building societies and credit unions will now be more comparable with those traditionally offered by banks.

The State Government has also taken this opportunity to clarify exemptions currently provided in the *Debits Tax Act 1994* and *Financial Institution Duty Act 1983*, for reversing entries made to correct an error or to effect the dishonouring of a cheque. These measures do not expand the current exemptions, but provide clarification of the operation of the existing exemptions and ensure that duty is not payable on these types of transactions.

The amending Act and associated Regulations operate retrospectively, from 1 December 1998, the date of operation of the Commonwealth amendments.

**FURTHER INFORMATION**

***Location:***

RevenueSA  
Ground Floor  
State Administration Centre  
200 Victoria Square East  
ADELAIDE SA 5000

***Postal:***

Commissioner of State Taxation  
RevenueSA  
GPO Box 1353  
ADELAIDE SA 5001

***Telephone:***

(08) 8204 9888

***Facsimile:***

(08) 8226 3805

***Website***

<http://www.treasury.sa.gov.au/tax.html>

***E-mail***

revenuesa@saugov.sa.gov.au

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COMMISSIONER OF STATE TAXATION

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