

SOUTH AUSTRALIA



RevenueSA

General

Circular No. 246

STATE BUDGET 2004-2005

BACKGROUND

In the State Budget handed down today, 27 May 2004, the Government announced the following State taxation measures.

From 27 May 2004:

- an extension of the first homebuyer stamp duty concession with the upper limit for the partial concession being increased from \$130,000 to \$250,000; and
- an exemption from stamp duty on mortgages for eligible first homebuyers.

From 1 July 2004:

- a reduction in the pay-roll tax rate from 5.67% to 5.5%;
- abolition of stamp duty on cheques;
- abolition of stamp duty on leases; and
- the introduction of instalment and credit card payment options for land tax.

From 1 July 2005:

- abolition of debits tax.

The legislative amendments required to implement the above measures are contained in the *Statutes Amendment (Budget 2004) Bill 2004* ("the Budget Bill") which was also introduced into Parliament today.

DEBITS TAX

Debits tax will be abolished for all debits made on or after 1 July 2005 to accounts with cheque drawing facilities kept with financial institutions.

PAY-ROLL TAX

The pay-roll tax rate will be reduced from 5.67% to 5.5% in respect of wages paid or payable on or after 1 July 2004.

Pay-roll tax returns submitted for July 2004 (ie, the return to be submitted not later than 7 August 2004) and subsequent periods are only subject to the reduced rate of pay-roll tax (5.5%).

(In the event that the Budget Bill is not assented to prior to 1 July 2005, an adjustment of the pay-roll tax payable for the 2004-2005 financial year (at the higher 5.67% rate) will be made at the time of the annual reconciliation.)

CHEQUE DUTY

Stamp duty on cheques will be abolished for all cheque forms issued on or after 1 July 2004.

No refund of duty on cheque forms will be allowed on or after 1 July 2004.

STAMP DUTY CONCESSION FOR FIRST HOMEBUYERS

The first homebuyer stamp duty concession has been extended to provide a partial stamp duty concession for first homes valued between \$80,000 and \$250,000 ("the Extended Concession").

The Extended Concession will be available where a contract to purchase a first home is entered into on or after 27 May 2004.

Currently, first homebuyers receive a full stamp duty concession on first home purchases where the property is valued up to \$80,000, with partial concessions ceasing above \$130,000 ("the Current Concession"). Full details of the Current Concession and its operation are contained in [RevenueSA Circular No. 181](#).

Under the Extended Concession, first home purchases valued up to \$80,000 will continue to receive a full concession.

For first home purchases between \$80,000 and \$100,000, the concession rate reduces by 2.5 per cent for each \$1,000 increase in property value above \$80,000.

At \$100,000 the concession rate is 50 per cent and remains at 50 per cent for first home purchases up to \$150,000.

Thereafter the concession reduces by \$24 for each \$1,000 of property value in excess of \$150,000 and phases out completely above \$250,000.

Administrative Arrangements

The Extended Concession applies to eligible contracts entered into on or after 27 May 2004.

From 27 May 2004 until the Budget Bill is passed and comes into force, all applications for the Extended Concession must be submitted to RevenueSA together with the [First Home Concession Application Form](#) and the necessary supporting documentation in order to receive the benefit of the Extended Concession.

NOTE: Applications under the Current Concession must continue to be processed via RevNet.

Once the Budget Bill is passed and comes into force and the necessary system changes are made, the Extended Concession will then be able to be processed via RevNet.

LEASE DUTY

Stamp duty will be abolished on all leases entered into on or after 1 July 2004.

From 1 July 2004 until the Budget Bill is passed and comes into force, all leases which are currently "non-exempt" must be lodged with RevenueSA in order to receive the benefit of the exemption.

Note: Leases which are currently exempt from stamp duty must continue to be stamped via RevNet.

MORTGAGE DUTY EXEMPTION FOR FIRST HOMEBUYERS

An exemption from stamp duty on mortgages will be provided where the mortgage relates to an *eligible first home owner transaction* entered into on or after 27 May 2004.

There is no limit on the value of first home loans eligible for the exemption from stamp duty on mortgages.

A transaction is an "*eligible first home owner transaction*" if:

1. the party or parties to the transaction who seek the benefit of the exemption or partial exemption have made an application for a First Home Owner Grant (FHOG) under the *First Home Owner Grant Act 2000* ("the FHOG Act") in relation to the transaction and comply with the eligibility criteria under that Act; and
2. the transaction -
 - i. is an eligible transaction; and
 - ii. has been completed,

within the meaning of the FHOG Act.

First Home Mortgages

If the Commissioner is satisfied that the mortgage relates to an *eligible first home owner transaction* entered into on or after 27 May 2004 and the mortgage secures liabilities under that transaction and no other liability, then no stamp duty is payable in respect of the mortgage.

Split Purpose Mortgages

If the Commissioner is satisfied that the mortgage secures liabilities under the *eligible first home owner transaction* and some other liability, the duty otherwise payable on the transaction is reduced by the amount of duty that would have been payable if the mortgage secured only the liability under the *eligible first home owner transaction* but attracted no concessional rate of duty as a home mortgage.

Example

Person A takes out a loan with a financial institution for \$120,000 of which \$100,000 is to purchase a first home and the remaining \$20,000 is to purchase a second-hand motor vehicle.

Person A's transaction is an *eligible first home owner transaction*.

The stamp duty liability is to be calculated as follows:

Calculate the amount of mortgage duty chargeable on \$120,000 at the rate of \$10 plus 45 cents per \$100 of value over \$6,000, ie, \$523 (duty otherwise payable is chargeable at the higher rate as the mortgage does not meet the definition of "*home mortgage*" in section 76 of the *Stamp Duties Act 1923*).

Calculate the amount of mortgage duty chargeable on \$100,000 at the rate of \$10 plus 45 cents per \$100 of value over \$6,000 (\$433).

Subtract the \$433 from the \$523 to arrive at the \$90 stamp duty that is payable on the non-exempt portion of Person A's mortgage.

Determination of Eligibility

To be eligible for the exemption, an applicant must be eligible for a FHOG under the FHOG Act in relation to the same transaction. Full details of the eligibility criteria under the FHOG Act can be found in [RevenueSA Circular No. 200](#).

Applicants will need to complete a [First Home Mortgage Exemption Application Form](#) ("the Application Form"). The Application Form can be obtained from RevenueSA or downloaded from its website located at www.revenuesa.sa.gov.au.

At the time that stamp duty is paid on a mortgage, an applicant may not have satisfied the eligibility criteria for the exemption or partial exemption.

The Commissioner may nevertheless stamp a mortgage under this provision in anticipation of the relevant criteria for an exemption or partial exemption being satisfied.

Applicants who have entered into a **contract for the purchase of a home** or who have entered into a **comprehensive home building contract** on or after 27 May 2004 may have their mortgage stamped as exempt prior to satisfying the relevant conditions in the FHOG Act, subject to the guidelines and limitations as set down by the Commissioner from time to time.

Applicants who are **Owner Builders** for the purposes of the FHOG Act will not be permitted to have their mortgage documentation stamped as exempt or partially exempt until the completion of the building of their first home.

Owner Builders will, therefore, need to apply for a refund of duty paid on an *eligible first home owner transaction* once the exemption eligibility criteria have been satisfied.

If the conditions upon which the exemption was provided are not satisfied by the applicant then the Commissioner will recover the amount of the exemption or the partial exemption as a debt.

From 27 May 2004 until the Budget Bill comes into force, all applications for the exemption or partial exemption must be submitted to RevenueSA in order to be given the benefit of the exemption.

Note: Mortgages subject to this provision cannot be stamped by Approved Persons on RevNet during this period, however, once the Budget Bill is passed and comes into force and the necessary system changes are made, the Exemption will then be able to be processed via RevNet.

LAND TAX

From the 2004-2005 financial year, land tax may be paid in four instalments over a consecutive four month period and/or using a credit card.

Instalments

Payment of a Land Tax Notice may be made either as a single payment of the full amount due or in four consecutive monthly instalments.

Interest or penalty tax will not apply to the instalment payment option, unless a default occurs. A default in the payment of any of the four instalments (ie, payment not made by the due date, part payment only of the full instalment amount due) will result in the full amount outstanding becoming immediately due and payable. Property owners will be issued a Further Assessment (final notice) which will include penalties and interest payable on the amount outstanding.

Credit Cards

Payment of the full amount due or payment using the four instalment option can be made using a credit card, to a maximum of \$2,000 per transaction.

Credit card payments may be made at Australia Post outlets, via the Internet, using BPay or by ringing 1300 669 344 (this service is available 24 hours a day, 7 days a week, using most push button telephones but not mobile phones). Acceptable credit cards are Visa, MasterCard or Bankcard.

FURTHER INFORMATION

Location

RevenueSA
State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Postal

Commissioner of State Taxation
RevenueSA
GPO Box 1353
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Telephone

Stamp Duties (08) 8226 3750
Land Tax (08) 8204 9870
Pay-Roll Tax (08) 8204 9880

Facsimile

Stamp Duties (08) 8226 3734
Land Tax (08) 8207 2100
Pay-Roll Tax (08) 8226 3805

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