

Information Circular No: 56

First Home and Housing Construction Grants Act 2000

Land Tax Act 1936

Stamp Duties Act 1923

Payroll Tax Act 2009

State Budget 2013-14

Issued 6 June 2013

Background

The following taxation measures were announced by the Government as part of the State Budget handed down today, 6 June 2013:

1. The extension of the Housing Construction Grant for a further six months.
2. The extension of the scope of land tax exemptions available for land used for sporting, recreational and other community based activities to a wider range of not-for-profit community associations that provide services or support to the community.
3. The introduction of a two-year payroll tax rebate payment for employers with taxable payrolls of less than or equal to \$1.2 million.
4. The inclusion of a full legislative exemption for all eligible corporate reconstructions in the *Stamp Duties Act 1923*.

1. EXTENSION OF THE HOUSING CONSTRUCTION GRANT

A Housing Construction Grant (HCG) of up to \$8500 has been available for home buyers who have entered into a contract to buy or build an eligible new home from 15 October 2012. The HCG applies to properties valued up to \$400 000, and phases out for properties valued between \$400 000 and \$450 000. The HCG was due to end on 30 June 2013.

The extension of the HCG means that home buyers who enter into contracts to purchase or build an eligible new home on or before 31 December 2013 can receive the HCG of up to \$8500.

In recognition of this change, the completion date for contracts for the purchase of a new home off-the-plan will be extended to 30 June 2015. All other terms and conditions of the HCG will remain unchanged.

Further information relating to the HCG, including the eligibility requirements, is outlined in Information Circular 51 and on www.revenuesa.sa.gov.au.

The legislative amendments required to implement this measure are contained in the *First Home and Housing Construction Grants (Budget 2013) Amendment Bill 2013* (the "Bill") which was introduced into Parliament today. The operation of this measure is subject to the Bill coming into force as an Act.

2. LAND TAX EXEMPTION FOR NOT-FOR-PROFIT COMMUNITY ASSOCIATIONS

The Government will extend the scope of land tax exemptions available for land used for sporting, recreational and community based activities to a wider range of not-for-profit community associations that provide services or support to the community.

Associations that provide services or support to the community, in the areas of literature, science, the arts and preserving traditional cultural heritage, may now be eligible for a land tax exemption on the land used for these activities.

Associations that have their initial application for exemption approved by RevenueSA will not need to apply for an exemption every year unless their circumstances change.

The additional exemptions will apply to land held from 30 June 2013.

The land tax relief grant scheme for not-for-profit multicultural organisations that has been administered by Multicultural SA will no longer be required.

Multicultural SA will continue to administer a land tax relief grant scheme available to eligible for-profit ethnic community organisations where those organisations can demonstrate that land tax has caused financial hardship.

The extended exemptions will be provided via a regulation. Further information will be provided when the new regulation is promulgated in due course.

3. SMALL BUSINESS PAYROLL TAX REBATE

A two-year payroll tax rebate payment will be provided to eligible employers with a taxable Australian payroll of less than or equal to \$1.2 million.

The rebate payment will be paid in the first half of the 2013-14 and 2014-15 financial years, based on eligible employers' 2012-13 and 2013-14 taxable payrolls respectively.

Employers will not be eligible for the rebate payment until finalisation (including payment of any underpayments made during the year) of their relevant annual payroll tax reconciliation process. Employers who are members of a group will not be able to have their rebate determined until their Designated Group Employer's annual payroll tax reconciliation has been finalised.

Once the rebate payments have been made, eligible employers with a taxable Australian payroll of up to \$1 million will have effectively only paid payroll tax at a level equivalent to 2.45 percentage points lower than the statutory rate of 4.95%.

Rebate payments will phase out for eligible employers with a taxable payroll of between \$1 million and \$1.2 million.

The rebate payment will be determined by applying a sliding scale of rates shown in the table below, based on eligible employers' 2012-13 and 2013-14 taxable payrolls respectively.

Annual taxable payroll (\$)	Statutory tax rate (%)	Rebate rate (percentage points)
600 000 to 1 000 000	4.95	2.45
1 000 001 to 1 050 000	4.95	1.95
1 050 001 to 1 100 000	4.95	1.45
1 100 001 to 1 150 000	4.95	0.95
1 150 001 to 1 200 000	4.95	0.45
Above 1 200 000	4.95	-

Further information in relation to the administration of the rebate is contained in [Revenue Ruling PTASA002](#) and on www.revenuesa.sa.gov.au.

4. STAMP DUTY EXEMPTION FOR CORPORATE RECONSTRUCTIONS

The Government will provide a stamp duty exemption for all eligible corporate reconstructions where dutiable instruments are executed on or after 1 July 2013.

The stamp duty exemption will replace the corporate reconstruction *ex-gratia* relief administrative scheme that is currently provided by the Government, which provides relief for corporate reconstructions of up to 95% of duty otherwise payable.

The eligibility criteria for the exemption will be equivalent to the criteria applying under the current administrative scheme. That is, stamp duty relief will be provided to a transfer of assets between members of a corporate group that simplifies or rationalises a group structure that does not involve any change in the ultimate beneficial ownership of the assets. The transfer must involve "substantially all" of the assets of the transferor that has been a member of the same corporate group for three years prior to the transaction.

The legislative amendments to implement the corporate reconstruction exemption are currently being developed and will be circulated to relevant industry bodies for comment prior to introduction into Parliament.

Given that the necessary amendments will not be passed before 1 July 2013, the current administrative scheme will operate until the legislation is passed, except with no 5% contribution being required.

Applications for dutiable instruments executed on or after 1 July 2013 are to be submitted to the Commissioner of State Taxation providing the information specified in RevenueSA Information Circular No. 227 that is relevant to the reconstruction.

Mike Walker
COMMISSIONER OF STATE TAXATION

6 June 2013

Further Information

Further information can be obtained from RevenueSA.

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