

PERSPECTIVES.

RevenueSA

In this Issue

- Message from the Commissioner
- Stamp Duty Changes: Land Rich Provisions
- Taxpayer Information Sessions
- Compliance Initiatives
- Taxpayer Survey
- Drought Relief
- Recent Circulars

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On 29 June 2006, the Premier established the Competitiveness Council, chaired by Minister Maywald, to lead a work program to achieve the State Government's target of a twenty-five percent reduction in the regulatory burden on businesses by 2008 - a "red tape" reduction plan.

While RevNet has obviously made a significant contribution to this target, RevenueSA is vitally interested on an ongoing basis in anything which makes a meaningful reduction in work for you and us both.

To provide us with your suggestions, please [click here](#).

The staff of RevenueSA and I would like to take the opportunity to wish you and your families a Merry Christmas and a safe and rewarding New Year.

We hope that 2007 will be a prosperous year for your organisation.

Mike Walker



Stamp Duty Changes

Land Rich Provisions

One of the measures contained in the 2006 South Australian Budget, was a strengthening of the Land Rich provisions contained in the *Stamp Duties Act 1926*.

The Land Rich provisions were originally introduced as an anti-avoidance measure to combat contrived practices where land was purchased, developed and sold through companies with minimal paid up share capital or unit trusts with a minimum number of units. The Land Rich provisions look at the underlying land holding of the company and subject it to ad valorem duty.

From 22 September 2006 the following changes apply.

Significant Interest

Ad valorem conveyance rates of duty are payable on the acquisition of an interest of 50% or more in a land rich entity as opposed to the former test which required an acquisition of more than 50%.

Land Asset Threshold

An entity owning South Australian land with a value of \$1 million or more is a land rich entity if the unencumbered value of its underlying land assets comprises 60% or more of the unencumbered value of the entity's total underlying assets. The previous 80% threshold will, however, be retained for primary production entities, provided the entity does not cease to be a primary production entity within three years of the relevant acquisition.

An asset will be considered to be a primary production land asset by RevenueSA if the land is coded by the Valuer-General as being primary production land. An entity will be a primary production entity if 50% or more of its South Australian land assets are primary production land assets.

Concerted Acquisitions

A transaction or a series of transactions by which a person, or a group or persons acting in concert, acquire an interest in a land rich entity that owns South Australian land valued at \$1 million or more, now fall within the land rich provisions.

For the purpose of determining whether a person or group has acquired a significant interest in a land rich entity, the provisions have been amended to aggregate the interests acquired by the person or group with the interests acquired by other person or group as a result of an associated transaction within the preceding three years.

An associated transaction means an acquisition of an interest in the entity by another person or group in circumstances in which those persons are acting in concert or the acquisitions arise from one arrangement, transaction or series of transactions.

Land Asset Valuation

The land rich provisions have been amended so that the land of a private entity includes anything fixed to the land, including anything that is or purports to be separately owned from the land, unless the Commissioner of State Taxation is satisfied that the separate ownership is not part of an arrangement to avoid the imposition of conveyance rates of duty.

Commissioner's Discretion

The Commissioner, in determining a private entity's total underlying assets has a discretion to include contractual rights or interests arising in the course of the normal business of the entity, for the purposes of the 60% test.

Duty Offset

A duty offset has been provided for duty already paid on the acquisition of units in a private unit trust scheme against any subsequent land rich duty assessment.

The strengthening of these anti-avoidance provisions is happening in conjunction with additional resources being allocated towards identifying avoidance of stamp duty in this area. Depending upon the results of this scrutiny additional legislative measures may be identified by RevenueSA and be put to the Government to consider bringing further amendments to the land rich provisions.

**See Circulars 272 and 273
for further details.**

Taxpayer Information Sessions

RevenueSA recently conducted two taxpayer information sessions covering Stamp Duty, Land Tax and Pay-roll Tax.

The first session was in Port Augusta on 15 November 2006 and the second in Adelaide on 22 November 2006. Both sessions were well attended and feedback has been good.

These information sessions form part of an ongoing program designed to assist taxpayers comply with their state taxation obligations. The presenters are senior operational tax officers who are specialists in their particular field of tax.

Each year this Office will conduct at least two of these information sessions in the metropolitan area and will also make two country visits to ensure that as many legal, accounting, conveyancing and pay-roll professionals as possible have the opportunity to attend.

More sessions are planned for the first half of 2007 with a country session being conducted in Port Lincoln.



From left to right: (1) Mike Walker, Commissioner of State Taxation opening the Adelaide session; (2) Karl Moore, Manager, Property Services addressing land tax at the session held in Port Augusta; (3) Ian Grimshaw, Manager, Taxation Services presenting stamp duty at the Adelaide session; (4) Greg Hillman, Technical Specialist at the Adelaide session discussing pay-roll tax.

Compliance Initiatives

Additional staff have joined RevenueSA's Compliance Services over the past months to increase compliance efforts aimed at:

- better securing the State's revenue through its taxation measures; and
- providing further support for voluntary compliance by improving taxpayer awareness of obligations through taxpayer education measures.

Each Compliance member is responsible for additional revenue in excess of \$800,000 per annum. With the new resources, Compliance will be able to increase targets and assignment outcomes.

Additional activity will be across the major tax lines and targets will be identified using risk to revenue analyses and data matching methods. The activity will concentrate on:

- stamp duty on insurance.
- stamp duty on conveyance of business:
 - off the plan sales;
 - use of Trusts; and
 - transfer of interest in mining tenement.
- pay-roll tax:
 - unregistered employers;
 - using ATO/WorkCover data matching; and
 - common directors (using ASIC data).
- first home owner grant (including stamp duty first home concession).
- land tax.

Taxpayer Survey Results

Each year RevenueSA conducts a survey to obtain feedback from taxpayers in the areas of customer service, the RevNet Pay-roll Tax Payment Facility and the RevenueSA website.

The 2006 survey was conducted online with survey questions generated and presented to users based on responses to previous questions. Email notification about the survey was sent to industry representatives and clients registered for our subscription service and it was also advertised on the RevenueSA and RevNet websites. A total of 867 responses were received, including 202 partial responses where the respondent exited the survey before completing the last question.

Overall the results of the RevenueSA survey are very pleasing and the positive and constructive feedback provided by respondents is appreciated.

In the area of customer service, 93% of respondents agreed that the person handling their query was courteous and professional and 91% agreed that they understood the issue. 83% agreed the RevenueSA staff member was knowledgeable and provided accurate and easy to understand information and 85% received a prompt response.

The recent redesign of the RevenueSA website has been received favourably with 96% of respondents indicating the range and quality of information on the website and the overall appearance of the site was 'Good' or 'OK'.

63% of respondents who are registered for pay-roll tax currently do not use RevNet to make payments. Survey responses have indicated a strong preference for making payments via EFT. At least 93% of respondents who use the RevNet Pay-roll Tax Payment Facility rate the ease of use, navigation, online help, accessibility and system performance as 'Good' or 'OK'.

RevenueSA is committed to reducing work for both itself and the taxpayer.

Responses to common issues have been provided in the report released on the RevenueSA Internet site, whilst issues of a more specific nature are being evaluated to identify possible areas for improvement.

The report can be located at:
<http://www.revenuesa.sa.gov.au/surveys/surveymarch2006results.pdf>

Drought Relief

On 25 October 2006, the Government announced a drought assistance package for South Australia's farming communities.

One of the measures announced was the provision of \$1.3 million for *ex gratia* stamp duty relief for farmers who refinance their loans as a result of the drought.

The stamp duty relief will cover an increase in an existing mortgage, refinancing with another lender (to the extent the existing stamp duty exemption for refinancing does not apply), and a new mortgage with the farmer's existing or different lender.

The Stamp Duty Relief and guidelines are contained in Circular 274 issued on 12 December 2006.

Recent Circulars

- 268** Summary of Changes for 2006/2007 *Emergency Services Funding Act 1998* (Fixed Property Component)
- 269** *Taxation Administration Act 1996* Change of Interest Rate From 1 July 2006
- 270** Conveyance of Water Licence (Including the Water Allocation of a Licence)
- 271** A Guide to Stamp Duty on Motor Vehicle Registrations for Licensed Motor Vehicle Dealers
- 272** State Budget 2006-2007
- 273** Stamp Duties (Land Rich Entities)
- 274** Mortgage Stamp Duty Relief For Drought Affected Farmers