

PERSPECTIVES.

RevenueSA

Hot Topics

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PAYROLL TAX - APPLY FOR YOUR APPRENTICE & TRAINEE WAGE EXEMPTION MONTHLY

The exemption for apprentice and trainees wages must be claimed monthly, not at the end of the year during the annual reconciliation (as was the case with the rebate). For more information on the exemption, see the [article](#) on page five.

LODGE YOUR OPINION DOCUMENTS USING REVNET

Not all stamp duty documents are approved for self-determination via RevNet. Some stamp duty documents still require the opinion of the Commissioner of State Taxation. RevNet has the functionality to allow stamp duty opinion documents that have been assessed by RevenueSA to be viewed, paid for and stamped via RevNet. For more information see the [article](#) on page eight.

NEW DEPUTY COMMISSIONERS OF STATE TAXATION

Tim Smith and Graeme Jackson were appointed as Deputy Commissioners of State Taxation in mid 2010.

NEW REVENUESA WEBSITE

RevenueSA's redesigned website was launched in December 2010 and has been developed based on a customer centric model. You will find the new site easier to navigate and that it contains more useful information. The site will be continually improved to ensure up-to-date and relevant information is readily available to taxpayers. Visit our new site at www.revenuesa.sa.gov.au.

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LAND TAX RELIEF 2010-11

Legislative changes to the *Land Tax Act 1936* (the "Act") have introduced land tax relief, effective from 1 July 2010. This relief is provided by:

- ▶ increasing the tax free land tax threshold from \$110 000 to \$300 000;
- ▶ adjusting the subsequent land tax bracket to between \$300 001 and \$550 000 and introducing a tax rate for the bracket of 0.5 per cent; and
- ▶ increasing the top band of the following bracket to \$800 000 from \$750 000.

The top tax bracket of \$1 million remains unchanged.

The following tables show the previous land tax structure and the 2010-11 land tax structure.

Previous land tax structure

| Total taxable site value | Tax applicable |
|--------------------------|---|
| \$0 to \$110 000 | Nil |
| \$110 001 to \$350 000 | \$0 + \$0.30 for every \$100 or part thereof |
| \$350 001 to \$550 000 | \$720 + \$0.70 for every \$100 or part thereof |
| \$550 001 to \$750 000 | \$2120 + \$1.65 for every \$100 or part thereof |
| \$750 001 to \$1 000 000 | \$5420 + \$2.40 for every \$100 or part thereof |
| Over \$1 000 000 | \$11 420 + \$3.70 for every \$100 or part thereof |

Land tax structure to apply from the 2010-11 land tax assessment year

| Total taxable site value | Tax applicable |
|--------------------------|---|
| \$0 to \$300 000 | Nil |
| \$300 001 to \$550 000 | \$0 + \$0.50 for every \$100 or part thereof |
| \$550 001 to \$800 000 | \$1250 + \$1.65 for every \$100 or part thereof |
| \$800 001 to \$1 000 000 | \$5375 + \$2.40 for every \$100 or part thereof |
| Over \$1 000 000 | \$10 175 + \$3.70 for every \$100 or part thereof |

From 2011-12

From 2011-12 the Government will increase the proposed land tax thresholds in line with the Valuer-General's annual assessment of average land value increases.

How will the Valuer General calculate the average increases in land values?

The Valuer General will determine the average increase in site values relevant to land tax consistent with the valuation roll adopted each June 30 for rating and taxing purposes as per the *Valuation of Land Act 1971*.

What does relevant to land tax mean?

Primary production land is exempt from land tax. Thus the average increase in site values will relate only to residential (including vacant allotments), commercial and industrial land.

What happens if property prices fall?

Thresholds will remain unchanged – they will not be reduced. However thresholds will not be increased in the subsequent year(s) until the fall has been recovered.

Who will benefit from the threshold increases and rate changes?

It is estimated that around 121 300 ownerships will benefit from the proposed relief package, with around 74 500 ownerships no longer liable for land tax in 2010-11.

Land tax relief of up to \$1245 will be provided for remaining land tax payers.

A table of the relief can be viewed from the headline at www.revenuesa.sa.gov.au or by clicking [here](#).

For further enquiries please contact RevenueSA on **8204 9870**.

New relief for deceased estates

The Treasurer has approved, on a case-by-case basis, the provision of *ex gratia* relief from land tax for deceased estates for the first financial year following the death of the owner of the land. Relief is available from the 2010-11 financial year.

To be eligible for the relief, the property must have been the deceased principal place of residence as at the time of their death. Relief is not available if the property is rented out.

For further information see [Revenue Ruling LT001](#).

Destroyed or Uninhabitable Buildings

From the 2010-11 financial year, an exemption may be provided from land tax for up to three years in situations where an owner's principal place of residence is destroyed or rendered uninhabitable by an occurrence for which the owner is not responsible or which resulted from an accident.

The exemption will apply where:

- ▶ the person has ceased to occupy any building on the land of a predominantly residential character because it has been destroyed or rendered uninhabitable by an occurrence for which the person is not responsible (whether directly or indirectly) or which resulted from an accident;
- ▶ any such building constituted the person's principal place of residence immediately before the date on which the building was destroyed or rendered uninhabitable;
- ▶ the person intends to repair or rebuild the building within a period of three (3) years from the date on which the building was destroyed or rendered uninhabitable;
- ▶ the buildings on the land will, after the completion of building work, have a predominantly residential character;
- ▶ the person intends to occupy the land as his or her principal place of residence after the completion of the building work; and
- ▶ the person is not receiving a principal place of residence exemption for another property at the same time.

The exemption will apply for a maximum of three (3) financial years.

A person is not eligible for a waiver or refund of land tax for a financial year that immediately follows a period of three (3) financial years for which the person has had the benefit of abovementioned exemption in respect of the same land.

Motels, Hotels, Serviced Apartments and other similar accommodation

From 2010-11 an exemption may be provided where:

- ▶ the land is owned by a natural person and constitutes their principal place of residence (whether or not they are the sole owner of the land); and
 - the buildings on the land are used for the purposes of a hotel, motel, set of serviced holiday apartments or other similar accommodation; and
 - more than 75% of the total floor area of all buildings on the land is used for the person's principal place of residence.

Land may be partially exempted from land tax by reducing its taxable value in accordance with the scale prescribed in Section 5(12) of the Act if:

- ▶ the land is owned by a natural person and constitutes their principal place of residence (whether or not they are the sole owner of the land); and
 - the buildings on the land are used for the purposes of a hotel, motel, set of serviced holiday apartments or other similar accommodation; and
 - 25% or more of the total floor area of all buildings on the land is used for the person's principal place of residence.

For the purposes of the scale prescribed in Section 5(12) of the Act, the area used for the hotel, motel, set of serviced holiday apartments or other similar accommodation will be taken to be the area used for business or commercial purposes.

For further information see [Information Circular No: 17](#)



What is Standard Business Reporting?

Standard Business Reporting (SBR) is an Australian Government initiative to reduce the business-to-government reporting burden.

SBR:

- ▶ is reporting to government directly from your financial, accounting or payroll system, provided your software supports SBR; and
- ▶ will provide a single secure online sign-on, AUSkey, for users to report electronically to all of the agencies involved.

The agencies participating in SBR are the Australian Taxation Office (ATO), the Australian Securities and Investments Commission (ASIC), the Australian Prudential Regulation Authority (APRA) and all state and territory government revenue offices.

RevenueSA SBR functions

Since 1 July 2010 RevenueSA has accepted the following lodgements through your business software, if it is SBR-enabled:

- ▶ 2010-11 Payroll Tax Monthly Returns; and
- ▶ 2010-11 Payroll Tax Annual Reconciliation (Due 21 July 2011).

What do you need before you can lodge through SBR?

1. SBR-enabled software;
2. AUSkey credential; and
3. RevNet access.

1. SBR-ENABLED SOFTWARE

Financial management software providers have the choice of SBR-enabling any or all of the forms in scope for SBR (visit www.sbr.gov.au for more information).

If you would like to lodge any of the payroll tax forms listed above through your software, you will need to check with your financial management software provider that it is SBR-enabled for that particular form and, if necessary, upgrade to the version of software that is enabled.

2. AUSKEY

AUSKey is a single key for accessing government online services. It is common to all the government agencies participating in SBR-enabled reporting and over time will allow you to login to a range of other business-to-government website services.

This will mean a single credential (e.g. user ids, PIN/ passwords, digital certificates) for interacting with government rather than maintaining separate credentials for each agency interaction.

You will need an AUSKey to lodge forms with RevenueSA through your SBR-enabled software.

Where do I get an AUSKey From?

To register for an AUSKey visit www.abr.gov.au/auskey. This website will also help you learn more about AUSKey and find out which other government agencies accept AUSKey.

If you have an ATO digital certificate, you can use it to register for an AUSKey.

See www.ato.gov.au/upgradetoauskey for details.

3. REVNET ACCESS

Before sending through your first payroll tax return form, we need to verify your identity by linking your existing RevNet Payment Facility user name to your AUSKey. This is a one off process that will happen automatically when you logon to RevNet once your AUSKey has been activated.

When payroll tax return forms are sent through SBR from your software, RevenueSA verifies your AUSKey credential and receives your lodgement through our online system RevNet.

If you are authorised to use the RevNet Electronic Payment Authority (EPA) facility you can also authorise payment via SBR.

If you're not already a RevNet Payment facility user, see www.revenuesa.gov.au for details and application forms.

Click [here](#) to access the Electronic Payment Authority (EPA) application form

Click [here](#) to access the RevNet Electronic Funds Transfer (EFT) application form.

Will it cost me anything to use SBR?

SBR is accessed only from your accounting, financial or payroll software, and the government will not charge for the use of the SBR facilities. However, you should check with your software provider to determine if there are any additional costs to make your software SBR-enabled.

More information about standard business reporting (SBR)

Visit www.sbr.gov.au for more information about:

- ▶ the SBR program;
- ▶ SBR-enabled software; and
- ▶ other government agencies that are participating in SBR.



NEXUS ARRANGEMENTS FOR PAYROLL TAX

The payroll tax nexus provisions determine in which Australian state or territory (jurisdiction) payroll tax is to be paid in respect of payments made to workers operating in more than one jurisdiction in a month.

Legislative changes to enable the new nexus arrangements were assented to on 1 July 2010. The new provisions are uniform across jurisdictions and have retrospective effect to 1 July 2009.

Under the new rules, payroll tax is to be paid to the jurisdiction where the worker resides, rather than where they are paid (i.e. the location of the employee's bank account), as was previously the case.

Where the worker does not reside in Australia, tax is to be paid to the jurisdiction where the registered Australian Business Number (ABN) address of the employer is located.

These changes only affect wages for workers providing their services in more than one jurisdiction in a month. Where a worker provides their services wholly in one jurisdiction, as is the case for the majority of workers, payroll tax will continue to be paid to the jurisdiction where those services are performed.

Further information is available in [Information Circular No:11 - Payroll Tax Nexus Provisions](#) and at www.revenuesa.sa.gov.au.



PAYROLL TAX APPRENTICE & TRAINEE EXEMPTION

Amendments have been made to the *Payroll Tax Act 2009* to specifically exempt wages paid to apprentices and trainees from payroll tax, from 1 July 2010.

This exemption replaces the current administrative Trainee Wage Rebate Scheme.

Under the new exemption, wages paid or payable to an apprentice or trainee (from 1 July 2010) will be exempt if the apprentice/trainee is employed by an approved group training organisation.

Wages paid by other employers (non-group training organisations) will be eligible for the exemption if the apprentice/trainee is undertaking training under:

- ▶ a school-based training contract;
- ▶ an initial training contract between the employer and the apprentice or trainee; or
- ▶ a training contract entered into prior to 1 July 2010.

Please note that employers had until 31 December 2010 to claim rebates for prior periods. Further details can be located in [Information Circular No: 21](#) and at www.revenuesa.sa.gov.au.



REBATES FOR RENEWABLE ENERGY PROJECTS

On 16 December 2009, the South Australian Government announced that a rebate would be available for payroll tax incurred during the construction phase of eligible, new renewable energy projects.

The rebate only applies to wages that are liable for payroll tax in South Australia in respect of the labour associated with direct, on-site construction of large scale wind and solar energy projects that begin construction on or after 1 July 2010. The rebate is administered as part of Government policy as it is not legislated under the *Payroll Tax Act 2009*.

How much is the rebate?

The rebate is equal to 100% of the total payroll tax paid in South Australia that is attributable to the labour associated with direct, on-site construction of new, large scale wind and solar energy projects.

The rebate is capped at \$5 million per project for solar and \$1 million per project for wind.

Who is eligible?

Eligible projects must:

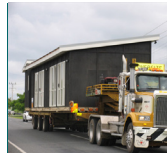
- ▶ have started the construction phase on or after 1 July 2010;
- ▶ have a name plate rating, or combined name plate rating at a single connection point of 30 MW or greater; and
- ▶ utilise wind or solar technologies. Where projects are combined with conventional fuel, the rebate will only apply to the renewable energy component.

Applicants for a rebate must provide RevenueSA with evidence of registration as a generator in the National Electricity Market from the Australian Energy Market Operator.

The rebate will apply to large scale wind and solar projects in the initial operation of the scheme. The rebate has a fixed life of four years from 1 July 2010 to 30 June 2014. After its first two years of operation, the rebate will be subject to review, during which it is intended that the inclusion of other renewable energy technologies will be considered.

Compliance activity will be undertaken to ensure only those wages directly attributable to employees involved in the on-site construction of the renewable energy project are claimed for the purposes of the rebate.

Information pertaining to the calculation and eligibility of the rebate can be located in [Information Circular No: 9 – Rebates for Renewable Energy Projects](#).



TRANSPORTABLE HOMES

Under the *Stamp Duties Act 1923*, any document that conveys property is liable to *ad valorem* conveyance duty subject to any concession, rebate or exemption.

Transportable homes are dutiable, as there is no concession, rebate or exemption provisions. However, the Treasurer has approved *ex gratia* payments equal to the stamp duty paid or payable on the conveyance of a transportable home where the instrument was entered into on or after 1 July 2009.

Conveyances of transportable homes should be lodged with RevenueSA for Opinion to enable an *ex gratia* payment to be made in lieu of the stamp duty levied.

Where stamp duty has been levied and paid, an *ex gratia* payment, equal to the amount of stamp duty paid, may be applied for.

For further information see [Revenue Ruling SDA002](#).



STAMP DUTY ON TAXI LICENCES

Stamp duty is charged on instruments that convey an interest in property, including the sale of taxi plates and motor vehicles.

Duty is assessed at *ad valorem* rates on the consideration or market value, whichever is the greater. If the consideration is deemed below market value (even after evidence has been provided) the Commissioner of State Taxation may request a valuation of the property and assess the duty payable by reference to that valuation. The cost of the valuation may be recoverable from the person liable to pay the duty.

If the value of the property transferred includes a component of GST then the GST inclusive value is to be regarded as the value of the property and is subject to stamp duty. Parties should contact their professional advisor or the Australian Taxation Office for advice on whether GST is applicable to their particular transfer.

Stamp duty is charged on the conveying instrument. The approval of the completed Application for a Taxi Licence by the Department for Transport, Energy and Infrastructure (Accreditation and Licensing Centre) vests ownership of the taxi plate in the purchaser and therefore is the instrument that is used by RevenueSA to assess stamp duty.

RevenueSA conducts investigations into the transfer of property, including taxi plates and motor vehicles and may require supporting documentation to substantiate the consideration declared. Accordingly, purchasers of taxi plates must retain supporting evidence of the amount they paid in relation to the transfer of property in cases of the declared value being reviewed by RevenueSA.



TRANSFER OF FISHING LICENCES: LIABILITY FOR DUTY

RevenueSA is responsible for the assessment and collection of stamp duty under the *Stamp Duties Act 1923* (the "Act"). The following information was released in [Information Circular No: 10 - Transfer of Fishing Licences: Liability for Duty](#).

Stamp duty is charged on instruments that convey an interest in property.

Property, for purposes of the Act, includes the transfer of fishing licences. This view has been confirmed by the South Australian Supreme Court in *Pennington v McGovern* (1987) 45 SASR 27 and by the Western Australian Supreme Court in *Austell Pty Ltd v Commissioner of State Taxation* (WA) 20 ATR.

The Act extends to temporary transfers of fishing licences (commonly referred to as 'leases' of licences) as they are considered to be 'an outright transfer of limited duration' within the legislative fisheries licensing framework.

Stamp duty is assessed on the consideration or market value, whichever is the greater. If the consideration is deemed below market value (even after evidence has been provided), the Commissioner of State Taxation may request a valuation of the property and assess the duty payable by reference to that valuation. The cost of the valuation may be recoverable from the person liable to pay the duty.

Stamp duty is calculated at *ad valorem* rates. For further information regarding the calculation of duty please visit www.revenuesa.sa.gov.au.

The instrument that conveys the property and is assessed for stamp duty is the completed Licence Transfer Form approved by Primary Industries and Resources SA.

Further information can be located at

www.revenuesa.sa.gov.au.

Enquiries on the stamp duty implications on fishing and taxi licence transfers can be directed to:

compliance.licensing@sa.gov.au.



FIRST HOME OWNER BONUS GRANT

Retargeting and Enhancement of the First Home Bonus Grant

The First Home Bonus Grant was announced in the 2008-09 Budget to replace the first homebuyer stamp duty concession. Under existing arrangements, first home buyers who qualify for the Government's First Home Owner Grant were also eligible for a First Home Bonus Grant of up to \$4000. A \$4000 First Home Bonus Grant was provided in respect of first homes with a market value up to \$400 000 and phases out for first home purchases valued between \$400 000 and \$450 000.

The First Home Bonus Grant increased from \$4000 to \$8000 for first home buyers who build or purchase a newly constructed home in relation to eligible transactions entered into on or after 17 September 2010. First home buyers who build or purchase a newly constructed home valued up to \$400 000 will receive the full benefit of the bonus. The bonus phases out for first home purchases of newly constructed homes valued between \$400 000 and \$450 000.

The First Home Bonus Grant is no longer available to purchasers of existing homes. Eligible purchasers of existing homes will however continue to receive the \$7000 First Home Owner Grant.

Introduction of a Property Value Cap

A cap of \$575 000 on the market value of properties eligible for the First Home Owner Grant has also been introduced. The cap was introduced for eligible transactions entered into on or after 17 September 2010.

The new *Intergovernmental Agreement on Federal Financial Relations* (IGA) signed in December 2008 allows states and territories to impose a cap on the market value of homes eligible for the First Home Owner Grant. The cap cannot be less than 1.4 times the relevant jurisdiction's capital city median house price. The Adelaide median house price as at the June quarter 2010 was \$410 000. Accordingly, a cap of \$575 000 is consistent with IGA requirements.

The cap will be reviewed annually once the June quarter median house price data is available from the State Valuation Office.



2010 TAXPAYER SURVEY

The annual RevenueSA Taxpayer Survey was conducted during August and September 2010, inviting participants to provide feedback on our level of service.

The 2010 survey was designed to seek feedback from taxpayers in the areas of general customer service, information provided and education channels. In addition, the eight core questions to measure the key drivers of customer satisfaction, as recommended by the Government Reform Committee, were included.

The eight core questions are a requirement to enable measurement against the *South Australian Strategic Plan (SASP) Target 1.7: Performance in the public sector - customer and client satisfaction with government services: Increase the satisfaction of South Australians with government services by 10% by 2010, maintaining or exceeding that level of satisfaction thereafter*. The eight core questions relate to the satisfaction of overall quality, accessibility and timeliness of the service, along with how taxpayers were treated, information provided, knowledge and competency of staff, level of service and delivery.

The eight core questions have been adopted by our interjurisdictional Business Practices Committee and will be used to compare our taxpayer service against other revenue offices.

During the survey period, a total of 747 responses were received, including 157 partial responses where the respondent exited the survey before completing the last question.

RevenueSA results indicate an improvement by an average of 5.3% since the 2008 taxpayer survey (2008 is the base year against which results are measured). These results are shown in the table below.

Summary of Target 1.7 Results

| | 2008 | 2009 | 2010 | Overall Change |
|--|------|------|------|----------------|
| How satisfied were you with the... | | | | |
| ... overall quality of service? | 78% | 80% | 79% | + 1.3% |
| ... accessibility of the service? | 79% | 80% | 80% | +1.3% |
| ... amount of time it took to get the service? | 76% | 78% | 76% | same |
| In your dealing with RevenueSA... | | | | |
| ... you were treated fairly? | 75% | 82% | 86% | +14.7% |
| ... you were informed of everything required in relation to your query in order to comply with state taxation legislation? | 74% | 82% | 84% | +13.5% |
| ... staff were knowledgeable and competent? | 75% | 82% | 86% | +14.7% |
| ... staff went the extra mile to make sure you got what you needed? | 70% | 76% | 79% | +12.9% |
| ... did you get what you required? | 93% | 92% | 92% | -1.1% |

Upon analysis of the responses, areas highlighted in the survey results where RevenueSA performs well included:

- ▶ Staff are professional, courteous and knowledgeable.
- ▶ RevNet (payroll tax) is very easy to use and more efficient than interstate systems. Information is simple and easy to follow, written in plain English which is clear and easy to interpret, rather than complex legislative terminology.
- ▶ Documentation is very informative, in particular the 2010-11 Payroll Tax Guide to Legislation and the Nexus Revenue Ruling.
- ▶ RevNet and website are user friendly. Calculators are easy to use and a great resource.

Areas highlighted where RevenueSA could improve included:

- ▶ Lack of or limited knowledge amongst first contact staff (call centre, front counter), and limited access to senior staff for more complex enquiries (land rich, trusts etc.).

- ▶ Navigation of website and RevNet, often difficult to locate required information.
- ▶ Inconsistency or incorrect information provided.
- ▶ Reissue of searches for land tax and ESL.
- ▶ Timeliness of responses, decisions and assessments.
- ▶ Clarity of information required for stamp duty requisitions, and often excessive unnecessary requisitions issued.
- ▶ Lack of feedback or comments on assessments issued.
- ▶ Issue email updates on legislative or process changes.

Many valuable suggestions for improvements were made by taxpayers who completed the 2010 Taxpayer Survey. While RevenueSA will endeavour to implement as many as possible, some may not be achievable, for example due to system or legislative limitations. Thank you to those who contributed suggestions.

Further information on the survey results can be accessed in the 2010 RevenueSA Taxpayer Survey Summary or by clicking [here](#).

NEED TO CONTACT REVENUESA?

[Click here to view RevenueSA's contact page](#)



STAMP DUTY REVNET OPINIONS

Not all stamp duty documents are approved for self-determination via RevNet. Some stamp duty documents still require the opinion of the Commissioner of State Taxation. RevNet has the functionality to allow stamp duty opinion documents that have been assessed by RevenueSA to be viewed, paid for and stamped via RevNet.

Copies of opinion documents can be submitted to RevenueSA for assessment via:

| | |
|-----------------|----------------------------------|
| email | sdrequisitions@sa.gov.au |
| fax | (08) 8226 3737 |
| post | GPO Box 1353 ADELAIDE SA 5001 |
| lodgement boxes | located at RevenueSA or the LTO |

The stamp duty opinions component of RevNet then provides users with the ability to:

- ▶ have requisitions and notice of assessment notifications emailed to a nominated email address;
- ▶ view requisitions online and respond to requisitions via email;
- ▶ view all outstanding opinion bundles lodged with RevenueSA; and
- ▶ fully pay and stamp documents via RevNet.

The use of RevNet does not incur any new or additional fees.

To register for Stamp Duty RevNet Opinions or for further information visit: www.revenuesa.sa.gov.au or call RevNet Helpline on (08) 8207 2333