

## SOUTH AUSTRALIA



RevenueSA

**General**

**Circular No. 198**

### **NATIONAL TAX REFORM (STATE PROVISIONS) ACT 2000**

The *National Tax Reform (State Provisions) Act 2000* ("the Act"), was assented to on 8 June 2000.

The Act meets (in part) the Government's obligations for national tax reform under an *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, ("the Agreement"), the centrepiece of which is the introduction of a Goods and Services Tax ("the GST").

The Act provides for:

- the abolition of financial institutions duty from 1 July 2001;
- the abolition of stamp duty on marketable securities quoted on the Australian Stock Exchange or another recognised stock exchange, from 1 July 2001;
- measures to ensure that exempt State entities pay GST in respect of State property;
- measures confirming the scope of application of the *Stamp Duties Act 1923*;
- the cessation of the Off-road Diesel Users Subsidy Scheme provided under the *Petroleum Products Regulation Act 1995*; and
- measures to ensure that the GST component of any deemed wages is excluded from pay-roll tax calculations.

#### **CHANGES TO THE STAMP DUTIES ACT 1923**

##### ***Conveyance duty***

Conveyance duty will continue to be charged on the greater of consideration for the sale or market value. If the consideration includes GST, stamp duty will be calculated on the total consideration inclusive of GST.

The Act inserts a replacement section 15A in the *Stamp Duties Act 1923* that confirms that *ad valorem* conveyancing duty will be calculated on the value of property inclusive of any GST payable.

### ***Rental duty***

Rental duty applies to all persons carrying on rental business in South Australia. Duty is imposed on the person conducting the rental business, at a rate of 1.8% of the amount received in respect of the hiring business, in excess of a threshold of \$2,000 per month (\$24,000 per annum). Under the Act, duty is to be calculated on the amount received inclusive of any GST component.

### ***Motor vehicle stamp duty on registration applications and transfers of registration***

The Act amends the *Stamp Duties Act 1923* to confirm that both the **list price** for a new motor vehicle and the **market value** of a second-hand motor vehicle will be GST inclusive, where a GST component applies.

### ***Lease duty***

The Act amends section 2 of the *Stamp Duties Act 1923* by inserting a definition of **rent** that includes an amount to be paid by a lessee to a lessor to reimburse, offset or defray the lessor's liability to GST (however it may be described in a lease). Lease duty will continue to be calculated on one year's rent at the rate of rent per annum or, if an average rate of rent per annum can be ascertained (or estimated), the average annual rent.

### ***Insurance duty***

The Act amends the definition of **premium** in section 32 of the *Stamp Duties Act 1923* to clarify that the premium includes any amount charged to a policy holder to reimburse, offset or defray the insurer's liability for GST in respect of the assurance or insurance in question.

## **AMENDMENT TO THE PAY-ROLL TAX ACT 1971**

The Act amends section 3 of the *Pay-roll Tax Act 1971* to ensure that if a person to whom taxable wages are paid is liable to GST on the supply of services for which the wages are paid, the amount of taxable wages is to be reduced for pay-roll tax purposes by the amount of the GST referable to the services for which the wages are paid.

### **Example:**

Wages paid by an employer to a contractor.

Employer A engages Contractor B for 12 Months. The terms of the engagement are such that the wages paid to Contractor B are deemed wages for the purposes of the *Pay-roll Tax Act 1971*. Pre-GST payments to Contractor B are \$5,000 per month. The post-GST payments to Contractor B are \$5,500.

Pre-GST deemed wages for pay-roll tax calculation purposes are \$5,000.

Post-GST deemed wages are \$5,500 less  $1/11^{\text{th}}$  (\$500 being the GST component), thus maintaining the pre-GST tax base of \$5,000 in taxable wages.

**AMENDMENTS TO THE *PETROLEUM PRODUCTS REGULATION ACT 1995***

The South Australian Off-road Diesel Users Subsidy Scheme will cease operation on midnight 30 June 2000. The On-road use Diesel subsidy for zone 3 will remain in place, as will the zonal subsidies for leaded and unleaded petrol in zones 2 and 3.

**FURTHER INFORMATION*****Location***

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COMMISSIONER OF STATE TAXATION