

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Stamp Duties

Circular No. 93

FIRST HOME CONCESSION -- LAND USED FOR PRIMARY PRODUCTION

In circumstances where, as part of a first home purchase, a house and land with a value greater than \$130,000 used for primary production is acquired, a first home concession will still be available subject to certain additional conditions being met.

These conditions relate to the value of the house and curtilage and the viability of the property as a farming unit.

Consequently persons acquiring a primary production property will not be disadvantaged if the total value of the house and surrounding farming land acquired exceeds the current \$130,000 first home concession threshold. Instead the first home concession will be provided based upon the value of the house and curtilage and not on the value of the overall farming unit.

This circular explains the way that the concession will be made available in these circumstances.

Certain additional conditions will need to be met for applicants to be eligible for the concession. They are:-

- 1) The rural property must be a viable farming unit or be part of an acquisition of a viable farming unit.
- 2) The value of the house and curtilage must be less than \$130,000 and, where this occurs, a concession will be provided in terms of the provisions and formulae set out in Section 71c of the Stamp Duties Act (see Stamp Duties Circular No. 24).

3) A valuation of the house and curtilage will need to be provided. If the applicants do not have a current valuation, a value will be obtained by this Office from the Valuer-General.

APPLICATION PROCEDURE

The application for a first home concession form will need to be completed and the applicants will need to satisfy all the criteria set out in Section 71c with the exception of Section 71c (1)(ab).

The application should be accompanied by a statement from the applicants indicating that the property in question is land being acquired for primary production and is a viable farming unit or part of an acquisition of a viable farming unit.

VALUATION INFORMATION

Applicants may provide a valuation by a licensed valuer or alternatively this Office will arrange for a valuation to be undertaken by the Valuer-General.

The valuation only needs to cover the house and curtilage, that is, what is generally regarded as the house block of the property. The size of that house block may vary according to the location.

VIABLE FARMING UNIT

The extension of the first home concession scheme to land used for primary production only extends to viable farming units.

Applicants will need to certify that the property for which a first home concession is sought is a viable farming unit.

Where there is a question as to the viability of a parcel this Office will obtain advice from the Department of Primary Industries.

DUTY TO BE ASSESSED

Once the value of the house and curtilage has been ascertained, duty will be assessed on the property after deducting the amount of concession normally available to a residential house property with the same value as the house and curtilage.

The following examples illustrate how this works:-

- | | | |
|----|---|------------------|
| 1. | Total Primary Production Property value - \$500,000 | Duty is \$18,830 |
| | House and Curtilage valued at \$100,000 | |
| | Concession Available on \$100,000 | \$1,290 |
| | Duty Payable | \$17,540 |
| 2. | Total Primary Production Property value - \$100,000 | Duty is \$ 2,830 |
| | House and Curtilage valued at \$30,000 | \$480 |
| | Duty Payable | \$2,350 |

In example number 2 above, the applicants would be entitled to a higher concession had they applied under the First Home Concession Scheme (\$1290). In this situation this Office will administer the scheme to allow the maximum concession to be available.

DATE OF APPLICATION OF THIS POLICY

This policy will apply to any conveyance of property which meets the criteria, that was signed after 14 December, 1992. Prior to that date there was no legislative power to reassess duty.

ENQUIRIES

Any enquiries in relation to this circular can be directed to the First Homes Officer on telephone (08) 226 3720.