

SOUTH AUSTRALIA



RevenueSA

General

Circular No. 238

STAMP DUTIES - RENTAL AND MORTGAGE DUTY

BACKGROUND

In the State Budget handed down on 29 May 2003, the Government announced the following changes.

RENTAL DUTY

Effective 1 October 2003, the rental duty rate applying to **equipment financing arrangements** will be reduced from 1.8% to 0.75%.

The proposed Bill will define an **equipment financing arrangement** as a hire purchase agreement, or a contractual bailment for a term of not less than 9 months under which the final payment is not required to be made earlier than 8 months after the agreement is entered into. The terms **hire purchase agreement** and **contractual bailment** will have the meanings given to them in section 31B of the Act.

The rate of duty for all other rental business where the amount received in respect of this component exceeds \$6,000 per month will remain at 1.8%.

MORTGAGE DUTY

Effective 1 October 2003, a dual mortgage rate regime will be introduced. A higher mortgage duty rate of 45 cents per \$100 will apply to all mortgages, except owner occupied **home mortgages**, which will continue to obtain the benefit of the current mortgage duty rate of 35 cents per \$100.

The secured liability threshold above which the proposed differential rates apply will increase from \$4,000 to \$6,000. Secured liabilities under \$400 will continue to be exempt from duty and secured liabilities between \$400 and \$6,000 will attract a flat rate of duty of \$10.

The proposed Bill will provide that a mortgage is a **home mortgage** if the mortgagor is a natural person and the whole of the amount secured by the mortgage has been, is being, or is to be, used for any of the following purposes:

- (i) purchasing land on which a home that the mortgagor intends to occupy as his or her sole or principal place of residence has been, or is to be, built;
- (ii) building, or making additions or improvements to, a home that the mortgagor occupies or intends to occupy as his or her sole or principal place of residence;
- (iii) repaying a loan previously taken out for one or more of the above purposes.

If the amount secured by the mortgage is to be used for some purpose in addition to a purpose mentioned above, the mortgage will not be considered a home mortgage. **Home** means any residential premises.

CONSULTATION

The Bill to implement these measures has not been introduced into Parliament but a draft of the proposed Bill is being circulated by Government to allow further consultation to take place.

FURTHER INFORMATION

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