

STATE BUDGET 2006-2007

BACKGROUND

In the State Budget handed down today, 21 September 2006, the Government announced the following changes to Part 4 of the *Stamp Duties Act 1923* (“the land rich provisions”):

- *ad valorem* conveyance rates of duty will be payable on the acquisition of an interest of 50% or more in a land rich entity as opposed to the current test which requires an acquisition of more than 50%;
- an entity owning South Australian land with a value of \$1 million or more will be 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;
- a transaction or a series of transactions by which a person, a group or persons acting in concert acquire an interest in a land rich entity that owns South Australian land valued at \$1million or more will be brought within the land rich provisions;
- the land of a private entity will be taken to include 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;
- the Commissioner, in determining a private entity’s total underlying assets will have a discretion to include contractual rights or interests arising in the normal course of business, for the purposes of the 60% test; and
- a duty offset will be provided for duty already paid on the acquisition of units in a private unit trust scheme against any subsequent land rich duty assessment.

The provisions will apply to transactions entered into on or after 22 September 2006.

OPERATION

The legislative amendments to implement the above measures are contained in the *Stamp Duties (Land Rich Entities) Amendment Bill 2006* which was introduced into Parliament today.

Further information regarding this change can be obtained from RevenueSA.

Location

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COMMISSIONER OF STATE TAXATION

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