

**MINUTES OF THE
SA STATE TAXES LIAISON GROUP MEETING
HELD ON WEDNESDAY 4 SEPTEMBER 2019 (9:30AM)
TRAINING ROOM, LEVEL 1, STATE ADMINISTRATION CENTRE**

1. ATTENDANCE / APOLOGIES

1.1. PRESENT FOR REVENUESA

Julie Holmes (Chair), Lisa Smith, Heather Watts, Janice O'Callaghan, Paul Maxwell, Tom Colmer, Mark Christmas, and Kevin Burns (minutes).

1.2. PRESENT FOR INDUSTRY GROUPS

Rebecca Hayes (Australian Institute of Conveyancers (SA Division) Inc.), Julie Van der Velde (CPA Australia), Paul Ingram (The Tax Institute), Paul Tanti (Chartered Accountants Australia and New Zealand), Jeff Stevens (Australian Institute of Conveyancers (SA Division) Inc.), Will Fennell (Law Society of South Australia), Bernie Walrut (Law Council of Australia), Peter Slegers (Business SA) and Marc Romaldi (Property Council of Australia).

1.3. APOLOGIES

Kate Southcott (Real Estate Institute of South Australia), Alan Yates (CPA Australia), Kristy Ferguson (RevenueSA) and Phil Dorman (Institute of Public Accountants).

Janice O'Callaghan (Stamp Duties Rewrite) and Kevin Burns were welcomed to the meeting as new representatives for RevenueSA.

2. BUSINESS ARISING

Julie Holmes asked if there were any issues arising from the previous minutes. No issues were raised.

2.1. UPDATE ON ACTION REGISTER (ATTACHMENT B OF THE AGENDA)

Completed Actions were noted.

Discussion was limited to Item 9 of the Action Register (Attachment B of the Agenda) with all other open items addressed as Agenda items:

Item 9 – Julie Holmes advised that the link to the Valuer-General's Office Strategic Direction document has not yet been provided.

Action: Julies Holmes will follow up with the Valuer-General, Kate Bartolo. (refer Action Item 9)

2.2. DRAFT TERMS OF REFERENCE FOR THE STATE TAXES LIAISON GROUP AND THE RULINGS SUB-COMMITTEE

Julie Holmes advised that the revised draft Terms of Reference for the State Taxes Liaison Group and the Rulings Sub-Committee have not yet been re-circulated to STLG representatives for consideration after receipt of feedback.

Bernie Walrut asked whether a further meeting to review and discuss the Terms of Reference would be convened. There was discussion regarding potential conflicts of interest and it was noted that the Australian Taxation Office (ATO) addresses conflicts of interest as part of its consultation protocol.

It was acknowledged that STLG representatives are members of the Liaison Group on behalf of industry groups and associations. It was also noted and acknowledged that members also represent and advise clients in their separate professional capacities.

Action: RevenueSA to update the draft Terms of Reference for the State Taxes Liaison Group and the Rulings Sub-Committee and re-circulate to STLG representatives for review and, if necessary, a further meeting. The updated draft will exclude the 'Conflicts of Interest' heading (refer Action Item 4).

Action: RevenueSA to circulate the link to the ATO consultation protocol website page that includes reference to 'conflict of interest' to STLG representatives.

2.3. UPDATE ON REVENUESA PUBLICATIONS AND RULINGS SUB-COMMITTEE (ATTACHMENT A OF THE AGENDA)

Julie Holmes advised that there are no updates to provide, with the stamp duty publications forming part of the Stamp Duty rewrite project and Item 4.1 in Attachment A of the Agenda (Circular No: 156) also being on hold until the rewrite is completed.

There was discussion regarding the importance of Land Use Codes (LUC), the limited scope for objecting to LUC, and difficulties raising LUC issues directly with the Valuer General. Julie Holmes said she understood that the Valuer General is open to being approached directly and that the issue is expected to form part of the strategic direction for the Valuer General. Peter Slegers said his direct approaches so far have not been productive.

Action: Julie Holmes to share STLG feedback regarding the LUC objection/review process with the Valuer-General.

2.4. UPDATE ON STATE TAX APPEALS

Paul Maxwell advised that there is a new stamp duty appeal, but that otherwise RevenueSA is still waiting for judgments to be handed down in the following two matters:

- the Full Court of the Supreme Court's judgment in relation to a payroll tax charitable purposes exemption appeal (Business SA); and
- the Supreme Court's judgment in relation to a land tax primary production appeal (Takhar).

2.5. THIRD PARTY REPORTING

Tom Colmer advised that Third Party Reporting was implemented on 1 July 2019, with a transitional period until it became mandatory in late July. It was noted that there has been a good take-up for the new requirements.

Paul Ingram raised a matter concerning potential system process issues with opinion assessments. Tom Colmer asked for examples to be provided if possible so that a solution can be found.

Action: Paul Ingram to provide relevant examples of potential system issues direct to Tom Colmer.

2.6. UPDATE ON STAMP DUTY REWRITE

Lisa Smith advised that round one of consultation finished at the end of July 2019. RevenueSA has been liaising with Parliamentary Counsel in relation to the feedback received to date and who is working towards the production of draft Bill. The draft Bill is expected to be ready for release in the next one to two weeks. Any policy questions arising from the feedback will be considered separately. There are no changes in policy intended as part of the scope of the Rewrite (refer Agenda Item 3.2).

There was discussion about whether there would be any changes to exemptions. Jeff Stevens asked about the exemptions contained in the Regulations. Paul Maxwell noted that they may be brought into the body of the Act. Julie Holmes advised that there is no intention to remove any exemptions or change any concessions.

Bernie Walrut raised concerns with the consultation process, in particular the time allowed to STLG representatives in light of the subsequent public consultation. Julie Holmes acknowledged the concerns and advised that the draft Bill will likely be released for feedback and comments only to STLG representatives and other industry associations for their consideration on a confidential basis.

There was discussion about the possibility of further public consultation prior to the introduction of the changes to Parliament. Julie Holmes advised that ultimately the extent of consultation is the Treasurer's decision.

2.7. UPDATE ON NEW LAND TAX AGGREGATION AND TRUST SURCHARGE PROVISIONS

Julie Holmes noted the current media coverage about the announcement by the Premier of the release of a new Land Tax plan as early as next week. Julie advised that the draft Bill will be made public and that there will be a four week consultation period, although not a request for submissions as such.

There was discussion about the role of STLG representatives in the context of what additional information will be required for a returns based system using an electronic interface. There was general agreement that the role of the STLG is in relation to the practical considerations of implementing and administering the new system, including technical issues. Peter Slegers asked if four weeks for consultation is sufficient and the concurrent release of the Stamp Duties Rewrite was noted. It was also noted that the land tax changes have priority consistent with the Government's agenda.

Action: Julie Holmes to clarify the parameters for the consultation process and to advise STLG representatives by email when the draft Land Tax Bill is released for consultation.

2.8. EARLY ENGAGEMENT AND DISPUTE RESOLUTION PUBLICATION

Julie Holmes advised that Action Item 6 (the update and recirculation of RevenueSA's Early Engagement and Dispute Resolution publication) had not been progressed and will be left open on the agenda. It was reiterated that RevenueSA has no intention to expand or further formalise its existing dispute resolution arrangements.

Action: Existing Action Item 6 to be retained.

2.9. STAMP DUTY – EXEMPTION 33 (CHARITABLE OR RELIGIOUS PURPOSES)

Paul Maxwell advised that he had discussed this issue with Paul Ingram and a Treasurer's briefing was being prepared which has led to a request to the Crown Solicitor for urgent advice. It was also noted that it is intended that the outcome can form part of the Stamp Duties Rewrite project (if necessary).

Paul Ingram asked about the approach in the meantime. There was discussion about Exemption 33 being a restrictive provision and the potential for the use of *ex gratia* payments as an interim measure.

Action: RevenueSA to advise on the approach for Exemption 33 pending the implementation of the Stamp Duties Rewrite (refer also Agenda Item 3.1 below).

2.10. ITEMS FROM MINUTES THAT APPEAR TO HAVE OUTSTANDING ASPECTS

Lisa Smith advised that this is a work in progress and will be brought back to the STLG.

Action: Existing Action Item 11 to be retained.

3. NEW BUSINESS

3.1. CHANGES TO REVENUESA PRACTICES AND DUE NOTIFICATION TO PUBLIC AND ADVISERS BY REVENUESA

There was discussion about the issues, over time, with RevenueSA not advising of changes. It was noted that it is RevenueSA's intention to do so, but acknowledged that RevenueSA can do better. Bernie Walrut raised the possibility of the issue of circulars and rulings. It was noted that a change in RevenueSA view may not be abrupt, but can be an evolution over time with changes of personnel.

Action: RevenueSA to consider the publication of a circular concerning Exemption 33 once final position established (refer Agenda Item 2.9).

3.2. STAMP DUTY REWRITE – REASSURANCES AS TO NO CHANGE OF POLICY

Refer to discussion at Agenda Item 2.6.

3.3. PAYROLL TAX GROUPS – UPDATING OF REVENUE RULING PTA031 AND INFORMATION CIRCULAR NO 4

Bernie Walrut expressed the view that these publications need updating. The differences between jurisdictions and the effect of recent decisions which were raised in papers prepared by Harry Lakis for the Tax Institute of Australia conference in July 2019 were discussed.

Action: Paul Maxwell to raise this issue with the interjurisdictional Tax Law Committee.

3.4. PAYROLL TAX – BUDGET ANNOUNCEMENT – CONTRACTORS – PUBLICATION OF INFORMATION CIRCULAR

Julie Holmes advised that the budget announcement included additional Compliance resources to target identified risks including those concerning contractors. Bernie Walrut suggested that an amnesty in advance is appropriate, including publication of an explanation. Paul Maxwell noted that there is no change in RevenueSA view on contractors. Julie Holmes advised that RevenueSA did not intend to issue a circular or further publication at this stage.

3.5. PAYROLL TAX – EXCLUDED CONTRACTORS – PUBLICATION OF INFORMATION CIRCULAR

Action: Bernie Walrut will discuss with Paul Maxwell out of session.

3.6. LAND TAX – THE BUDGET ANNOUNCEMENT AS TO AGGREGATION CHANGES

Action: Bernie Walrut will discuss with Paul Maxwell out of session.

4. ANY OTHER BUSINESS

Nil

5. NEXT MEETING

Wednesday 4 December 2019, 4.00pm

Training Room, Level 1, State Administration Centre

ATTACHMENT A – ACTION REGISTER

Item	Date of Meeting	Action	Who	Status	Due Date
2.	05/09/2018	"Section 71(6) of the <i>Stamp Duties Act 1923</i> " – content of the draft publication to be instead added to website (and also addressed in the rewrite of the <i>Stamp Duties Act 1923</i>)	B Walrut	Pending – Bernie Walrut to provide further comments on the content of the draft publication. Agenda Item 2.3	To be incorporated as part of Stamp Duty rewrite
4.	06/03/2019 04/09/2019	RevenueSA to update the draft Terms of Reference and re-circulate to the State Taxes Liaison Group for consideration and indications of interest in discussing at a meeting of a sub-group	P Maxwell	Pending – Draft Terms of Reference updated and re-circulated to STLG representatives for comments. Agenda Item 2.2	1/12/2019
6.	06/03/2019 04/09/2019	RevenueSA to update the draft Early Engagement and Dispute Resolution publication and re-circulate to the State Taxes Liaison Group for consideration and indications of interest in discussing at a meeting of a sub-group	P Maxwell	Pending Agenda Item 2.8	04/12/2019
7.	27/06/2019	Paul Maxwell and Paul Ingram to explore Stamp Duty Exemption 33 (charitable or religious purposes) and report back to STLG representatives.	P Maxwell/P Ingram	Complete Agenda Item 2.9	
8.	27/06/2019	RevenueSA to review the proposed timeframe for consultation on the draft Duties Bill and consider if additional time can be provided.	L Smith	Complete	
9.	27/06/2019 04/09/2019	Katherine Bartolo to forward a link to the Valuer-General's Office Strategic Direction to RevenueSA. 04/09/2019: Julies Holmes to follow up.	K Bartolo / Julie Holmes	Pending Agenda Item 2.1	04/12/2019
10.	27/06/2019	RevenueSA to update the Land Holder Guide to Legislation to address concerns about the stamp duty consequences for issues and redemptions in unit trusts.	P Maxwell	Pending Agenda Item 2.3	04/09/2019
11.	27/06/2019 04/09/2019	RevenueSA to review the list of items from past Minutes that appear to have outstanding aspects and provide a response back to STLG representatives describing the status of the matters in RevenueSA's view.	P Maxwell	Pending Agenda item 2.10	4/12/19
12.	04/09/2019	RevenueSA to circulate the link to the ATO consultation protocol website page that includes reference to 'conflict of interest' to STLG representatives.	P Maxwell	Pending Agenda item 2.2	04/12/2019
13.	04/09/2019	Julie Holmes to share STLG feedback regarding the LUC objection/review process with the Valuer General.	J Holmes	Pending	04/12/2019
14.	04/09/2019	Action: Paul Ingram to provide relevant examples of potential system issues direct to Tom Colmer.	STLG	Completed	
15.	04/09/2019	Julie Holmes to clarify the parameters for the consultation process and to advise STLG representatives by email when the draft Land Tax Bill is released for consultation.	J Holmes	Completed	

16.	04/09/2019	RevenueSA to advise on the approach for Exemption 33 pending the implementation of the Stamp Duties Rewrite	P Maxwell	Pending Agenda Item 2.9	04/12/2019
17.	04/09/2019	RevenueSA to consider the publication of a circular concerning Exemption 33 once final position established.	P Maxwell	Pending Agenda Item 3.1	04/12/2019
18.	04/09/2019	Payroll Tax groups – updating Revenue Ruling PTA031 and Information Circular No 4. Paul Maxwell to raise this issue with the State and Territories Interjurisdictional Tax Law Committee.	P Maxwell	Pending Agenda Item 3.3	04/12/2019
19.	04/09/2019	Payroll Tax – excluded contractors – publication of information circular. Bernie Walrut to discuss with Paul Maxwell out of session.	B Walrut / P Maxwell	Pending Agenda Item 3.5	04/12/2019
20.	04/09/2019	Land Tax – the Budget announcement as to aggregation changes. Bernie Walrut to discuss with Paul Maxwell out of session.	B Walrut / P Maxwell	Completed	