

Stamp Duties

Circular No. 274

MORTGAGE STAMP DUTY RELIEF FOR DROUGHT AFFECTED FARMERS

On 25 October 2006, the Government announced a drought assistance package for South Australia's farming communities.

One of the measures announced is the provision of \$1.3 million for *ex gratia* stamp duty relief for farmers who refinance their loans as a result of the drought.

This Circular sets out the details of the administrative arrangements put in place to provide the relief from mortgage stamp duty.

The mortgage stamp duty relief does not have any geographical limitations, and therefore is available for farmers within any area of the State.

The stamp duty relief is available for farmers in their own right, and includes corporate entities, and/or family trust arrangements that may own the land/operate the farm.

The mortgage stamp duty relief applies to:

- an increase of an existing mortgage;
- refinancing with another lender (to the extent the existing stamp duty exemption for refinancing does not apply); and
- a new mortgage with the farmer's existing or different lender.

The mortgage stamp duty relief is only available in relation to loans applied for between 25 October 2006, and 31 December 2007.

In order to be considered for the relief an applicant must be engaged in the "business of primary production":

- the "business of primary production" is the business of agriculture, pasturage, horticulture, viticulture, apiculture, poultry farming, dairy farming, forestry or any other business consisting of the cultivation of soils, the gathering of crops, the rearing of livestock, but excludes the propagation and harvesting of fish or other aquatic organisms.

The business of primary production must be:

- a significant commercial activity that is or will be profitable;
- operated with repetition and regularity;
- an activity organised and carried out in a systematic/business like manner;
- a considerable size and scale;
- not considered a hobby, recreation or sporting activity; and
- registered for GST and have an ABN.

The relief only applies to borrowings of additional working capital to fund normal operating costs of the farm enterprise as a consequence of the drought, and does not include additional borrowings for capital items such as further land, property improvements, vehicles, plant and equipment acquisitions or investments including farm management deposits.

The Commissioner of State Taxation will be satisfied of this in the first instance with a declaration from the applicant (see Declaration Form at Annexure A) to the relevant Financial Institution/lender stating that the purpose of the loan is as a consequence of the drought and relates to additional working capital. The Financial Institution/lender providing the finance will also need to support the application for relief.

There is no limit on the total amount of relief that can be provided to an individual farmer. Farmers can apply for the stamp duty relief on more than one occasion if they find that they need to refinance their loans again, as a consequence of the drought, within the timeframes above.

FURTHER INFORMATION

Further information may be obtained from RevenueSA.

Location

RevenueSA
State Administration Centre
200 Victoria Square East
ADELAIDE SA 5000

Postal

Commissioner of State Taxation
RevenueSA
GPO Box 1353
ADELAIDE SA 5001

Telephone

(08) 8226 3750

Facsimile

(08) 8226 3737

Website

www.revenuesa.sa.gov.au

E-mail

stamps@saugov.sa.gov.au

12/12/2006

COMMISSIONER OF STATE TAXATION

Declaration Form at Annexure A

Ex gratia Mortgage Stamp Duty Drought Relief

This relief is available to persons who are taking out new loans, refinancing existing loans or borrowing further funds from their current lender, as a result of the drought, and subject to the eligibility criteria overleaf.

Applicant details (the owner of the land)

If more than one owner

Name:

Name:

Address:

Address:

Postcode:

Postcode:

ABN:

Land details

CT / CL:

Address / Location of property:

Mortgage details

Mortgagee:

Mortgagor:

CT / CL / other security:

Loan amount: \$

Please indicate if this is a new loan, a further advance or a refinance with a further advance:

New loan

Further advance

Refinance with a further advance

DECLARATION

I/we certify that the above mortgage has been taken out as a direct result of the affect of the drought, and will be used for additional working capital and to fund normal operating costs of my/our farm enterprise. Additional borrowings for purposes such as further land acquisitions are ineligible for the relief.

Applicant (Print name)

Signature

Date

Applicant (Print name)

Signature

Date

If more than two persons are required to complete this application, please attach an addendum.

FINANCIAL INSTITUTION DETAILS

I _____ advise that on behalf of
(Print name of Financial Institution Officer) (Position held within the Financial Institution)

(Financial Institution name)

support this application on the basis that finance has been provided as a direct result of the affect of the drought, and will be used for additional working capital and to fund normal operating costs of the applicant's farm enterprise.

The mortgage stamp duty relief is available for farmers in their own right, and includes corporate entities, and/or family trust arrangements that may own the land/operate the farm.

The mortgage stamp duty relief applies to:

- an increase of an existing mortgage;
- refinancing with another lender (to the extent the existing stamp duty exemption for refinancing does not apply); and
- a new mortgage with the farmer's existing or different lender.

The mortgage stamp duty relief is only available in relation to loans applied for between 25 October 2006, and 31 December 2007.

In order to be considered for the relief an applicant must be engaged in the "business of primary production":

- the "business of primary production" is the business of agriculture, pasturage, horticulture, viticulture, apiculture, poultry farming, dairy farming, forestry or any other business consisting of the cultivation of soils, the gathering of crops, the rearing of livestock, but excludes the propagation and harvesting of fish or other aquatic organisms.

The business of primary production must be:

- a significant commercial activity that is or will be profitable;
- operated with repetition and regularity;
- an activity organised and carried out in a systematic/business like manner;
- a considerable size and scale;
- not considered a hobby, recreation or sporting activity; and
- registered for GST and have an ABN.

The borrowing purpose should only relate to additional working capital to fund normal operating costs of the farm enterprise as a consequence of the drought, and does not include additional borrowings for capital items such as further land, property improvements, vehicles, plant and equipment acquisitions or investments including farm management deposits.