

[Act 1998 No 81]



New South Wales

State Revenue Legislation Further Amendment Bill 1998

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.
This Bill is cognate with the *Appropriation Bill 1998*.

Overview of Bill

The objects of this Bill are:

- (a) to amend the Duties Act 1997:
 - (i) to extend and modify the application of the First home purchase scheme, and
 - (ii) to remove the reduction proposed for duty payable on applications for certificates of registration of motor vehicles, and
 - (b) to amend the *Land Tax Act 1956* and the *Land Tax Management Act 1956* to index the tax threshold under those Acts (currently \$160,000) by reference to the annual average increase (if any) in the land values of land within residential, commercial, business and industrial zones in New South Wales, and
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- (c) to amend the *Motor Accidents Act 1988* to exempt certain persons from payment of the short-fall levy under that Act and to provide for the abolition of the levy from 1 July 2000, and
- (d) to amend the *Stamp Duties Act 1920* to extend and modify the application of the First home purchase scheme.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on various days as set out in the proposed section.

Clause 3 is a formal provision giving effect to the amendments to the *Duties Act 1997* set out in Schedule 1.

Clause 4 is a formal provision giving effect to the amendments to the *Land Tax Act 1956* set out in Schedule 2.

Clause 5 is a formal provision giving effect to the amendments to the *Land Tax- Management Act 1956* set out in Schedule 3.

Clause 6 is a formal provision giving effect to the amendments to the *Motor Accidents Act 1988* set out in Schedule 4.

Clause 7 is a formal provision giving effect to the amendments to the *Stamp Duties Act 1920* set out in Schedule 5.

Clause 8 provides that the amendments made by this Act to the *Stamp Duties Act 1920* apply to contracts exchanged on or after 3 June 1998 and mortgages over land the subject of those contracts.

Schedule 1 Amendment of Duties Act 1997

The amendments made by **Schedule 1 [1]–[8]** relate to the First home purchase scheme. The scheme was established under the *Stamp Duties Act 1920* and is to be continued under the *Duties Act 1997*. The *Duties Act 1997* is to commence on 1 July 1998. First home buyers who are eligible under the scheme as currently constituted by the *Stamp Duties Act 1920* are given the choice of paying stamp duty in 5 annual instalments or of receiving an up-front discount of 30%. The up-front discount is to be increased to 50%. The option of paying stamp duty by instalments is to be removed from 1 August 1998. In addition, it is proposed to increase the current income and

property value eligibility thresholds. The income eligibility limits are to be increased from \$33,000 to \$39,000 for a single person with no dependants and from \$48,000 to \$57,000 for a single person with dependants and for couples. The property thresholds are to be increased from \$155,000 to \$170,000 for the Sydney metropolitan area and from \$145,000 to \$150,000 for the rest of the State.

Schedule 1 [9] removes the reduction in duty, proposed to have commenced on 1 July 1999, on applications for certificates of registration of motor vehicles.

Schedule 1 [10] and **[11]** enable the making of regulations of a savings or transitional nature as a consequence of the enactment of the proposed Act and the *State Revenue Legislation Amendment Act 1998*.

Schedule 2 Amendment of band Tax Act 1956

Schedule 2 [1] and **[2]** make amendments to the *Land Tax Act 1956* consequential on the amendments made by Schedule 3 to the *Land Tax Management Act 1956*.

Schedule 3 Amendment of Land Tax Management Act 1956

Schedule 3 inserts proposed Division 4A into Part 7 of the *Land Tax Management Act 1956*. The proposed Division contains the following provisions.

Proposed section 62TA requires the Valuer-General to make an annual determination of the percentage by which average land values of land within residential, commercial, business and industrial zones in New South Wales have changed between 1 July 1997 and 1 July last preceding the making of the determination. The determination is to be published in the Gazette.

Proposed section 62TB provides for the determination of the tax threshold for a land tax year. The threshold is set initially at \$160,000. The tax threshold may be increased for a subsequent land tax year depending on the percentage change in land values determined under proposed section 62TA. A determination under proposed section 62TB is to be rounded off to the nearest \$1,000. The tax threshold for a land tax year is to be published in the Gazette.

Proposed section 62TC defines *land value* for the purposes of the proposed Division.

Schedule 4 Amendment of Motor Accidents Act 1988

Schedule 4 [1] and **[2]** amend section 148 of the *Motor Accidents Act 1988* with respect to the payment of the “short-fall levy” under that section. Certain persons are exempted from payment of the levy for motor vehicle registrations that take effect on or after 1 July 1998 and others from 1 July 1999. The levy is abolished for all motor vehicle registrations that take effect on or after 1 July 2000.

Schedule 5 Amendment of Stamp Duties Act 1920

Schedule 5 [1]–[5] make the same amendments to the *Stamp Duties Act 1920* with respect to the First home purchase scheme as are made by **Schedule 1 [1]–[8]** to the *Duties Act 1997* except that the amendments are taken to have effect from 3 June 1998 and the option to pay by instalments is not removed.