

STAMP DUTIES (FUTHER AMENDMENT) BILL 1990

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

This Bill is cognate with the Pay-roll Tax (Amendment) Bill 1990.

The object of this Bill is to amend the Stamp Duties Act 1920:

- * to abolish, as from 1 October 1990, stamp duty on cheques
- * to increase, as from 1 October 1990, financial institutions duty from 0.03% to 0.06% and to increase the maximum amount of such duty in respect of the receipt of a single amount from \$600 to \$1,200
- * to modify, primarily in relation to contracts and mortgages executed on or after 1 October 1990, the provisions of the First Home Purchase Scheme

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on 1 October 1990, except for one of the modifications to the First Home Purchase Scheme relating to the discounting of duty being paid by instalments which is to commence on a proclaimed day.

Clause 3 gives effect to the Schedules of amendments to the Stamp Duties Act 1920.

Clause 4 repeals certain regulations made under the Stamp Duties Act 1920 which relate to the payment of duty on cheques.

SCHEDULE 1 — AMENDMENTS RELATING TO ABOLITION OF STAMP DUTY ON CHEQUES

Schedule 1 (1) and (2) omit those provisions of the Stamp Duties Act 1920 which impose stamp duty on cheques.

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Schedule 1 (3) amends the Tenth Schedule to the Stamp Duties Act 1920 in order to insert transitional provisions relating to the abolition of stamp duty on cheques. The provisions enable the making of refunds of stamp duty paid in respect of cheques which have not been drawn before 1 October 1990. An application for a refund is to be made on or before 30 June 1991. The provisions also enable the use, after 1 October 1990, of cheques in respect of which stamp duty is expressed to have been paid, whether the duty has been paid or not.

SCHEDULE 2—AMENDMENTS RELATING TO FINANCIAL INSTITUTIONS DUTY

Schedule 2 amends the Second Schedule to the Stamp Duties Act 1920 in order to increase financial institutions duty as described above.

SCHEDULE 3—AMENDMENTS RELATING TO THE FIRST HOME PURCHASE SCHEME

Schedule 3 (1) (a)–(d) amend Schedule 2A to the Stamp Duties Act 1920 in order to limit the existing provisions of the Schedule to contracts and mortgages executed before 1 October 1990.

Schedule 3 (1) (e) adds a new Part 2 to Schedule 2A to set out the terms of the scheme as it is to apply to contracts exchanged on or after 1 October 1990 and related mortgages. The scheme is to be the same as that applying before that date, subject to the following modifications:

- * Eligibility is to be subject to a means test with regard to net taxable income (proposed clause 20).
- * A contract for the purchase of a vacant block of residential land is not excluded (proposed clause 22).
- * The limits on the total consideration payable under the contract are to be:
 - \$155,000 for a house and land in the Sydney, Gosford, Blue Mountains or Wollongong Metropolitan Area
 - \$145,000 for a house and land elsewhere.
 - \$80,000 for a vacant block of residential land in the Sydney, Gosford, Blue Mountains or Wollongong Metropolitan Area.
 - \$70,000 for a vacant block of residential land elsewhere.These limits may be varied by regulation (proposed clause 22).
- * The limits on the total amount secured under a related mortgage are varied correspondingly (proposed clause 25).
- * A person having the benefit of the scheme is (as an alternative to paying the stamp duty by annual instalments over 5 years) to be given the option of paying the whole of the stamp duty within 2 months after the exchange of contracts at a 30% discount (proposed clause 28).
- * It is to be an offence to make an application under the scheme if the applicant knows that the scheme is not applicable in his or her case (proposed clause 33).

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Schedule 3 (2) adds a new Part 3 to Schedule 2A to enable remaining instalments of stamp duty to be paid out at a progressively reducing discount rate. This entitlement is to apply to the scheme as in force at any time. The new Part 3 is to commence on a day to be

Schedule 3 (3) makes a consequential amendment.
