

This Bulletin sets out recent changes to the *First Home Owner Grant Act 2000*, *Duties Act 2000*, *Land Tax Act 2005*, *Payroll Tax Act 2007* and *Taxation Administration Act 1997*.

Changes to State Taxes – June 2010

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The *State Taxation Acts Amendment Act 2010* (the Amending Act) received Royal Assent on 15 June 2010 and introduces a number of changes (including certain measures announced in the 2010-11 Victorian State Budget) to the *Duties Act 2000*, *First Home Owner Grant Act 2000*, *Land Tax Act 2005*, *Payroll Tax Act 2007* and the *Taxation Administration Act 1997*. The Amending Act also repeals a number of redundant Victorian taxation laws.

First Home Owner Grant Act 2000

The Amending Act introduces the measures announced in the State Budget to extend and increase the First Home Bonus and Regional Bonus for newly constructed homes in metropolitan Melbourne and regional Victoria. The amount of the Bonus for:

- a new home in metropolitan Melbourne increases from \$11,000 to \$13,000, and
- a new home in regional Victoria increases from \$15,500 to \$19,500.

These bonuses are in addition to the \$7,000 First Home Owner Grant and bring the total amounts available to first home buyers of a newly constructed home to \$20,000 (for a home in metropolitan Melbourne) and \$26,500 (for a home in regional Victoria).

The new amounts apply to eligible transactions with a commencement date of on or after 1 July 2010 and on or before 30 June 2011.

The Bonus amount for the purchase of an established home, currently \$2,000, will expire on 30 June 2010.

Please refer to the First Home Owners section of our website www.sro.vic.gov.au for detailed information on the First Home Owner Grant and First Home Bonus.

Duties Act 2000

Online duty payment system

The State Revenue Office (SRO) is currently developing an online duty payment system that streamlines the payment of land transfer duty on certain transactions. The *Duties Act 2000* (the Duties Act) has been amended to support the introduction of this online system, which is intended to be rolled out to DRS agents from March 2011.

Motor vehicle duty

From 1 July 2010, the motor vehicle duty thresholds on the registration or transfer of registration of new or near new passenger cars will be aligned with the general luxury car tax threshold under Commonwealth legislation. This is intended to ease compliance costs for customers by reducing any complexity which may have arisen from having different luxury car tax thresholds at a state and federal level.

Consequently, as the Commonwealth luxury car tax threshold for 2010-11 is \$57,466, the motor vehicle duty threshold will also be this amount (with effect from 1 July 2010).

Land Tax Act 2005

The *Land Tax Act 2005* provides that land that is occupied as a retirement village or a residential care facility (including supported residential services and residential services for disabled people) is exempt from land tax. The Amending Act extends this exemption to apply to land upon which such facilities are being constructed.

This exemption is available for a maximum period of two years but cannot be claimed until a building permit for the construction of a retirement village or residential care facility has been issued. Where only part of the land



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is being used for construction of a retirement village or residential care facility, only that part of the land will be eligible for the exemption.

Payroll Tax Act 2007

The payroll tax rate will be reduced from 4.95 to 4.90 per cent from 1 July 2010.

Taxation Administration Act 1997

The *Taxation Administration Act 1997* lists certain persons to whom a tax officer can disclose information obtained under the taxation laws administered by the SRO. This includes someone prescribed by regulation to be an authorised recipient of that information.

The Amending Act removes the power to prescribe authorised persons by regulation, thus ensuring that extending the scope of authorised disclosures can only be achieved through legislative amendment. This is consistent with current best practice as advised by the Office of the Victorian Privacy Commissioner.

Repeal of redundant legislation and consequential amendments

The *Business Franchise (Tobacco) Act 1974*, *Debits Tax Act 1990* and *Financial Institutions Duty Act 1982* have been repealed. The various taxes, duties and fees imposed by these Acts have been abolished and the Acts no longer have any practical effect. Consequential amendments to other legislation will arise as a result of their repeal.

Although the *Business Franchise (Tobacco) Act 1974* has been repealed, the *Business Franchise (Petroleum Products) Act 1979* (the Petroleum Act) will not be repealed. While the Petroleum Act no longer imposes a fee on petroleum products, it establishes the Better Roads Victoria Trust, which continues to fund the construction and maintenance of roads in Victoria and therefore requires retention of the Act.



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Further information

For further information on these changes, please contact the SRO:

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