

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

Changes to State Taxes – June 2011

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The *State Taxation Acts Amendment Act 2011* (the Amending Act) received Royal Assent on 21 June 2011 and introduces a number of changes (including certain measures announced in the 2011-12 Victorian State Budget) to the *Duties Act 2000*, *First Home Owner Grant Act 2000*, *Payroll Tax Act 2007* and the *Taxation Administration Act 1997*.

Duties Act 2000

Duty reduction for eligible first home buyers

For transfers with a settlement date on or after 1 July 2011, land transfer duty will be reduced for eligible first home buyers purchasing a principal place of residence valued up to \$600,000. To be eligible for the duty reduction, the first home buyer must be entitled to receive the First Home Owner Grant and must also live in the property for a continuous period of 12 months commencing within 12 months of settlement.

The duty reduction of 50 per cent will be phased in over four years, with a 20 per cent reduction on 1 July 2011, followed by additional 10 per cent reductions on 1 January 2013, 1 January 2014 and 1 September 2014.

An eligible first home buyer will still be entitled to a duty rate reduction where they entered into the contract to purchase their first home before 1 July 2011, as long as settlement occurs on or after that date.

Duty savings for eligible first home buyers

Value of Property	Present Stamp Duty (Principal Place of Residence)	20% Reduction – Duty Payable	20% Reduction – Saving	50% Reduction – Duty Payable	50% Reduction – Saving
\$200 000	\$6 370	\$5 096	\$1 274	\$3 185	\$3 185
\$300 000	\$11 370	\$9 096	\$2 274	\$5 685	\$5 685
\$400 000	\$16 370	\$13 096	\$3 274	\$8 185	\$8 185
\$500 000	\$21 970	\$17 576	\$4 394	\$10 985	\$10 985
\$565 000	\$28 970	\$23 176	\$5 794	\$14 485	\$14 485
\$600 000	\$31 070	\$24 856	\$6 214	\$15 535	\$15 535

Extension of the pensioner and concession card holders' concession from duty

Under the *Duties Act 2000* eligible pensioners may be entitled to an exemption or concession from duty on the purchase of a principal place of residence. The Amending Act extends the current threshold for the duty concession from \$440,000 to \$750,000. In addition, it extends the availability of the exemption and concession to holders of a Commonwealth Seniors Health Card.

These changes will apply to contracts entered into on or after 1 July 2011.

Young farmers' exemption and concession from duty

The Amending Act introduces a new exemption and concession from duty for farmers under the age of 35 on the purchase of their first farmland. For contracts entered into on or after 1 July 2011, a full exemption from duty will apply to transactions up to the value of \$300,000. For the purchase of a single parcel of farmland valued between \$300,000 and \$400,000, a duty concession will also be available.

Further information on the young farmers' exemption and concession from duty is available on the SRO website www.sro.vic.gov.au



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First Home Owner Grant Act 2000

Extension of First Home Bonus and Regional Bonus

The Amending Act introduces measures to maintain, until 30 June 2012, the existing:

- First Home Bonus of \$13,000 for new homes in metropolitan Melbourne, and
- First Home Bonus and Regional Bonus of \$19,500 for new homes in regional Victoria.

These bonuses are in addition to the \$7000 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).

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.

Increase in penalties for certain offences under the First Home Owner Grant Act 2000

The Amending Act increases the penalty for failing to advise the Commissioner of State Revenue (Commissioner) of non-compliance with the residence requirement and the repaying of the grant from 60 to 120 penalty units.

The Amending Act also extends the scope of the offence for providing false and misleading statements and increases the penalty for that offence. Under the *First Home Owner Grant Act 2000*, it will now be an offence to give information, make a statement or produce a document in, or in connection with, an application for the first home owner grant that is false and misleading, or omit information from an application or statement, or fail to produce a document, without which, the first home owner grant application is false or misleading.

The maximum penalty for this offence will be increased from 60 penalty units to 120 penalty units and/or a one year term of imprisonment.

These amendments will commence on the day after the Amending Act receives Royal Assent.



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Payroll Tax Act 2007

Shares and Options

The Amending Act updates the provisions in the *Payroll Tax Act 2007* relating to shares and options to remove outdated references to the *Income Tax Assessment Act 1936* and replace them with definitions and concepts, which are aligned with the current employee share scheme provisions in the *Income Tax Assessment Act 1997*.

Taxation Administration Act 1997

Online duty payment system

The State Revenue Office will soon be launching an online duty payment system that streamlines the payment of land transfer duty on certain transactions.

The Amending Act introduces changes to the *Taxation Administration Act 1997* to deem an assessment to have been made and served by the Commissioner where duty is paid using the online duty payment system. These changes enable the assessment process to be carried out electronically, while maintaining the taxpayer's right to object to the amount of duty assessed.

Further information

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

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