



## State Revenue Legislation Further Amendment Bill.

### Second Reading

**The Hon. TONY KELLY** (Minister for Rural Affairs, Minister for Local Government, Minister for Emergency Services, and Minister for Lands) [9.19 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

#### Leave granted.

This bill clarifies a number of issues that have emerged following passage of the State Revenue Legislation Amendment Act 2004 by the Parliament in May this year.

In relation to the First Home Plus Scheme the bill clarifies that, if the concession is claimed in relation to the acquisition of vacant land and the subsequent construction of a dwelling, the concession is not subsequently available for the acquisition of an existing dwelling. For purchases of vacant land, the bill replaces the requirement that the home, once constructed, be occupied to qualify for the concession with a provision allowing the Chief Commissioner to grant the concession if satisfied that the applicant will build a home on the land and reside in it. This change will be taken to apply from 1 July 2004, the date the other reforms introduced in May are to take effect.

In relation to Premium Property Duty the bill clarifies that where a transaction for the purchase of residential property involves more than one property and at least one of those properties is sold for more than \$3 million, the Premium Property Duty rate will only apply to that part of the consideration for each property that exceeds \$3 million. This provision will also be taken to have applied from 1 June, the date Premium Property Duty was introduced.

In relation to Vendor Duty the bill:

- Extends the exemption to the sale of land subject to all kinds of conservation agreements under the National Parks and Wildlife Act 1974;
- Extends the exemption from Vendor Duty to the sale of land that is the subject of a registered trust agreement under the Nature Conservation Trust Act 2001. These two changes implement the Government's commitment during the Parliamentary debate on the Vendor Duty to ensure it does not apply to the disposal of land subject to conservation agreements;
- Clarifies that Vendor Duty will apply to the higher of the consideration received or the actual value of the property sold;
- Clarifies that periods of ownership counted for the exemption for absences from a former principal place of residence cannot also be counted towards principal place of residence status of a second property owned and occupied by the vendor;
- Clarifies that home owners who on 1 June 2004 were in the process of selling their former home after acquiring and moving into their new home have six months from 1 June 2004 rather than the date of acquisition of the new home to dispose of their former home without incurring Vendor Duty;
- It also provides the Chief Commissioner with the power to extend the six month period in which the former residence may qualify for exemption in certain cases, such as in the event that an auction fails or a purchaser is unable to complete a contract;
- Clarifies that a residence will be eligible for the principal place of residence exemption even if it is not wholly owned by the occupant. The requirement will be that at least 50% of the ownership interest is held by one or more natural persons who reside in the home as their principal place of residence. This means, for example, that where a person helps a relative or friend to buy a home, the subsequent sale of the home will not attract Vendor Duty provided the person living in the home owns at least 50% of the home.

The bill also

- removes a current restriction that prevents the principal place of residence exemption from applying where any of the vendors is not a natural person;
- Clarifies the application of Vendor Duty on the disposal of land-related property when interests in the property were acquired at different times;

- Clarifies the "new building" exemption for the disposal of vacant buildings to ensure that it only applies where the building is never occupied or used for its intended purpose prior to sale unless it is sold within twelve months of completion, in which case it may have been occupied or used prior to sale;
- Clarifies when a building is considered "completed" for the purposes of this exemption;
- Clarifies that the exemption applies only in relation to the first sale of premises "off the plan" and not subsequent sales;
- Clarifies that the exemption for "improved vacant land" only applies when improvements have been made at the vendor's expense;
- Clarifies the provisions that exempt from Vendor Duty transactions involving entities or transactions that are exempt from Purchaser Transfer Duty or subject to concessional Purchaser Transfer Duty. This amendment ensures that vendors need to qualify in their own right for any exemption. They do not qualify merely by virtue of the exempt or concessional status of the purchaser to whom they are selling;
- Clarifies that the period of the exemption from Vendor Duty on the sale of a deceased's former principal place of residence commences from the grant of probate or letters of administration. The bill also provides that executors and beneficiaries who, on 1 June 2004, were in the process of disposing of a deceased's former principal place of residence, have twelve months from 1 June 2004 to complete the disposal of the property without incurring Vendor Duty;
- Clarifies that the executor or beneficiary's exemption from Vendor Duty on disposal of a deceased's former principal place of residence subject to a life interest lasts for twelve months following surrender or termination of the interest;
- Clarifies that a disposal of land-related property by a mortgagee, receiver, liquidator or trustee in bankruptcy pursuant to the bona fide exercise of their powers is not liable for Vendor Duty;
- Clarifies that the exemption for the disposal of land-related property as part of the sale of a business only applies where the whole of a business is sold.

These measures will ensure that Vendor Duty applies as it was originally intended. Many of the measures are of benefit to taxpayers. Accordingly, to ensure that taxpayers in those situations are not disadvantaged, the measures will apply from 1 June 2004.

In relation to Mortgage Duty the bill amends the provisions applying to inter-jurisdictional mortgages so that, in relation to property located in Australia, from 1 September 2004, duty will only be payable in respect of property located in New South Wales.

In view of the Government's commitment to exempt the sale of land subject to conservation orders from Vendor Duty the Government has decided to expand the exemption from land tax already provided for land subject to certain conservation orders to align it with the scope of the Vendor Duty exemption. This broader exemption will apply from 31 December 2004, in time to be applied in the 2005 land tax year.

Finally, the bill revokes the repeal of the Petroleum Products Safety Act 1965 to ensure Commonwealth subsidies provided in relation to the transportation of fuel to remote localities are maintained. I commend the bill to the House.

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