



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 Land 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.



New South Wales

# State Revenue Legislation Further Amendment Bill 1998

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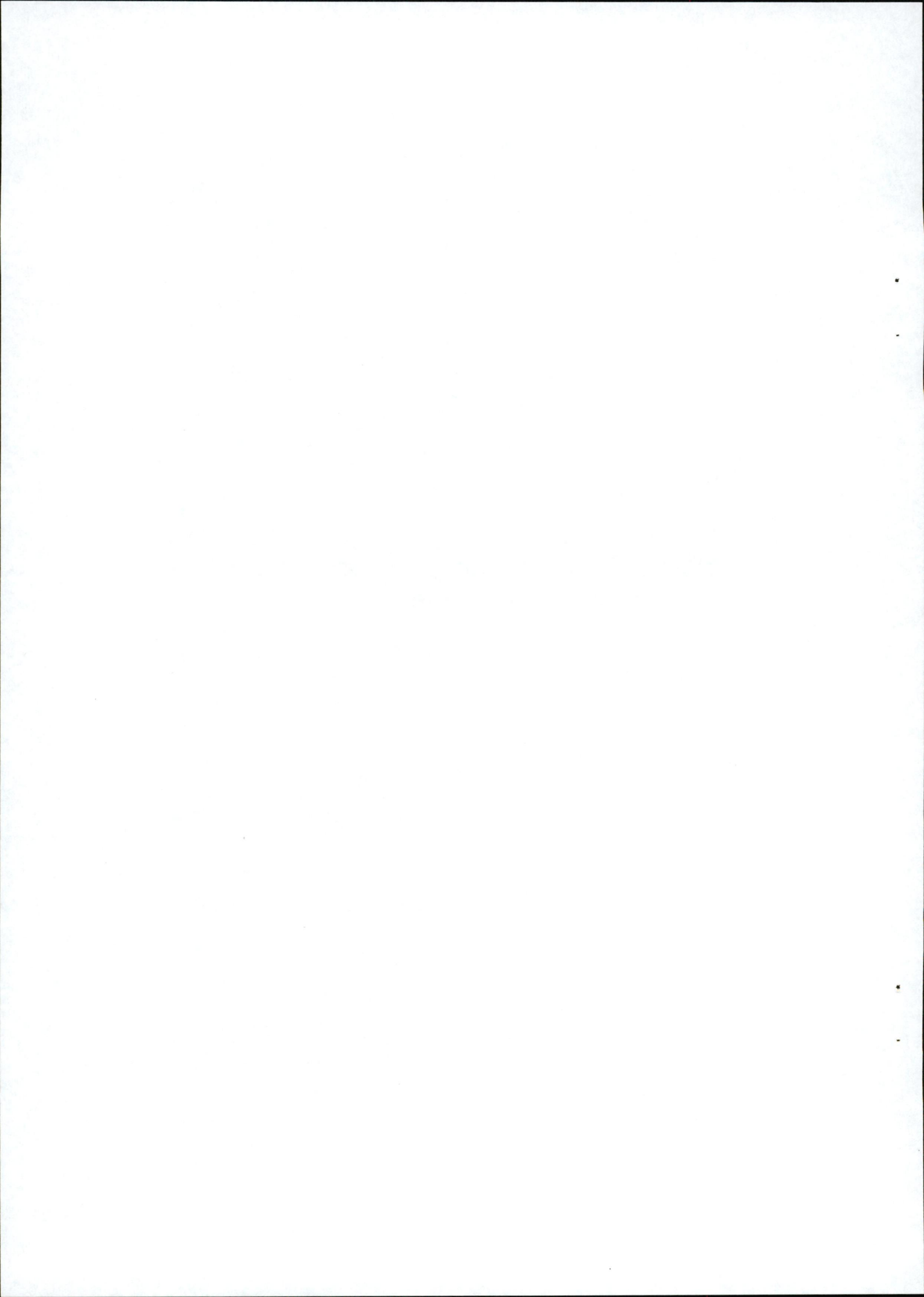
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New South Wales

## State Revenue Legislation Further Amendment Bill 1998

No. , 1998

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### **A Bill for**

An Act to amend the *Duties Act 1997*, the *Land Tax Act 1956*, the *Land Tax Management Act 1956*, the *Motor Accidents Act 1988* and the *Stamp Duties Act 1920* in miscellaneous respects; and for other purposes.

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**The Legislature of New South Wales enacts:**

**1 Name of Act**

This Act is the *State Revenue Legislation Further Amendment Act 1998*.

**2 Commencement**

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- (1) This Act commences on a day or days to be appointed by proclamation, except as provided by this section.
- (2) The following provisions commence, or are taken to have commenced, on the dates indicated:

Section 8 on 3 June 1998

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Schedule 1 [2]–[5] and [7] on 1 July 1998

Schedule 1 [1], [6] and [8] on 1 August 1998

Schedule 1 [10] and [11] on the date of assent to this Act

Schedule 4 on 3 June 1998

Schedule 5 on 3 June 1998

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- (3) Sections 3–7 in their application to a provision of Schedules 1–5 commence, or are taken to have commenced, on the day on which the provision commences or is taken to have commenced.

**3 Amendment of Duties Act 1997 No 123**

The *Duties Act 1997* is amended as set out in Schedule 1.

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**4 Amendment of Land Tax Act 1956 No 27**

The *Land Tax Act 1956* is amended as set out in Schedule 2.

**5 Amendment of Land Tax Management Act 1956 No 26**

The *Land Tax Management Act 1956* is amended as set out in Schedule 3.

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**6 Amendment of Motor Accidents Act 1988 No 102**

The *Motor Accidents Act 1988* is amended as set out in Schedule 4.

**7 Amendment of Stamp Duties Act 1920 No 47**

The *Stamp Duties Act 1920* is amended as set out in Schedule 5. 5

**8 Application of amendments to Stamp Duties Act 1920**

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**

(Section 3)

**[1] Section 69 The nature of the scheme**

Omit “to choose to pay duty on the agreement by instalments over a period of 5 years (instead of at the time of purchase) or to pay the duty”. 5

Insert instead “to pay duty on the agreement”.

**[2] Section 72 Eligible persons—net taxable income**

Omit “\$48,000” from section 72 (2) and (3) wherever occurring. 10  
Insert instead “\$57,000”.

**[3] Section 72 (4)**

Omit “\$33,000”. Insert instead “\$39,000”.

**[4] Section 74 Eligible agreements or transfers**

Omit “\$155,000” from section 74 (3) (a). 15  
Insert instead “\$170,000”.

**[5] Section 74 (3) (b)**

Omit “\$145,000”. Insert instead “\$150,000”.

**[6] Section 78 Making of applications**

Omit section 78 (2).

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**[7] Section 80 Stamping of documents if application is approved**

Omit "30%" from section 80 (1).  
Insert instead "50%".

**[8] Sections 81 Payment of instalments**

Omit "the undertaking" from section 81 (1).  
Insert instead "an undertaking given under section 78 (2) as in force before 1 August 1998".

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**[9] Section 265**

Omit the section. Insert instead:

**265 What is the rate of duty?**

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(1) The rate of duty is \$3 per \$100, or part, of the dutiable value of the motor vehicle, except as provided by subsection (2).

(2) The rate of duty for a passenger vehicle, being a vehicle:

(a) that has a dutiable value of not less than \$45,000, and

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(b) that is constructed primarily for the carriage of not more than 9 occupants, including a sedan, station wagon, coupe, convertible, four wheel drive vehicle with seats and windows, two wheel drive panel van with seats and windows, three wheel car, forward control passenger vehicle, small bus (seating not more than 9 persons, including the driver), motor home, and snow vehicle, but not including a motor cycle (with or without a side car), large bus (seating more than 9 persons, including the driver), hearse or invalid conveyance,

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is \$1,350 plus \$5 per \$100, or part, of the dutiable value of the motor vehicle in excess of \$45,000.

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State Revenue Legislation Further Amendment Bill 1998

Schedule 1      Amendment of Duties Act 1997

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**[10] Schedule 1 Savings, transitional and other provisions**

Omit "this Act." from clause 1 (1).

Insert instead:

this Act or any of the following Acts:

*State Revenue Legislation Amendment Act 1998*      5

*State Revenue Legislation Further Amendment Act  
1998*

**[11] Schedule 1, clause 1 (2)**

Omit "this Act". Insert instead "the Act concerned".

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**Schedule 2 Amendment of Land Tax Act 1956**

(Section 4)

**[1] Section 2A**

Insert after section 2:

**2A Definition**

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In this Act, *tax threshold* means the tax threshold determined in accordance with section 62TB of the *Land Tax Management Act 1956*.

**[2] Schedules 8 and 9**

Omit "\$160,000" wherever occurring.  
Insert instead "the tax threshold".

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## Schedule 3 Amendment of Land Tax Management Act 1956

(Section 5)

### Part 7, Division 4A

Insert after Division 4 of Part 7: 5

#### Division 4A Tax threshold

##### 62TA Determination of change in NSW property values

- (1) During the month of September in each year, the Valuer-General is to determine 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. 10
- (2) For the purposes of this section, land is within a residential, commercial, business or industrial zone if it is zoned or otherwise designated for use under an environmental planning instrument (within the meaning of the *Environmental Planning and Assessment Act 1979*) for, or principally for, residential, commercial, business or industrial purposes, or for some or all of those purposes. 15  
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- (3) On or before 15 October in each year, the Valuer-General is to publish the determination made under subsection (1) in the Gazette.

##### 62TB Tax threshold 25

- (1) The tax threshold for the 1998 land tax year is \$160,000.
- (2) The tax threshold for a land tax year subsequent to the 1998 land tax year is to be determined in accordance with the following formula, subject to subsection (3):  
$$\$160,000 \times (100\% + \text{the percentage change in land values determined under section 62TA (1) during the month of September preceding the land tax year})$$
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- (3) The tax threshold for a succeeding land tax year is to remain the same as for the previous land tax year if the tax threshold determined in accordance with the formula in subsection (2) for the succeeding land tax year is equal to or less than the tax threshold for the previous year. 5
- (4) A tax threshold determined in accordance with this section is to be rounded off to the nearest \$1,000.
- (5) On or before 15 October in each year, the Valuer-General is to publish the tax threshold applicable to the following land tax year in the Gazette. 10

**62TC Definition**

In this Division, *land value* means:

- (a) in the case of land other than a stratum, the land value of the land as determined in accordance with the *Valuation of Land Act 1916*, and 15
- (b) in the case of a stratum, the land value of the stratum as determined in accordance with the *Valuation of Land Act 1916*.

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**Schedule 4 Amendment of Motor Accidents Act 1988**

(Section 6)

- [1] Section 148 Payment of short-fall levy at time of registration of motor vehicle etc** 5
- Omit "under subsection (2) or (3), as the case requires," from section 148 (4).  
Insert instead "required to be paid under this section".
- [2] Section 148 (6)–(8)**
- Insert after section 148 (5): 10
- (6) A person who applies for the registration or the renewal of registration of a motor vehicle that takes effect on or after 1 July 1998 and who:
- (a) is the holder of a Senior's Card (being a card of that name issued by the New South Wales Government), or 15
- (b) is the recipient of, or the spouse or de facto partner of the recipient of, a family allowance from the Commonwealth under Part 2.17 of the *Social Security Act 1991* of the Commonwealth, or 20
- (c) uses the motor vehicle as a primary producer's vehicle within the meaning of the *Motor Vehicles Taxation Act 1988*,  
is not liable to pay the short-fall levy determined under this Part. 25
- (7) A person who applies for the registration or the renewal of registration of a motor vehicle that takes effect on or after 1 July 1999, being a motor vehicle that is used for private purposes within the meaning of the *Motor Vehicles Taxation Act 1988*, is not liable to pay the short-fall levy determined under this Part. 30
- (8) A person who applies for the registration or the renewal of registration of a motor vehicle that takes effect on or after 1 July 2000 is not liable to pay the short-fall levy determined under this Part. 35



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**Schedule 5 Amendment of Stamp Duties Act 1920**

(Section 7)

**[1] Schedule 2A First home purchase scheme**

Omit "\$48,000" from clause 20 (2) and (3) wherever occurring.  
Insert instead "\$57,000".

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**[2] Schedule 2A, clause 20 (4)**

Omit "\$33,000". Insert instead "\$39,000".

**[3] Schedule 2A, clause 22 (2) (a)**

Omit "\$155,000". Insert instead "\$170,000".

**[4] Schedule 2A, clause 22 (2) (b)**

Omit "\$145,000". Insert instead "\$150,000".

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**[5] Schedule 2A, clause 28 (1)**

Omit "30%". Insert instead "50%".