

## Second Reading

**The Hon. MICHAEL VEITCH** (Parliamentary Secretary) [10.36 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.

The New South Wales Government is committed to having best practice revenue laws.

The *State Revenue Legislation Further Amendment Bill* makes important amendments to State tax Acts both to protect the revenue and to ease the compliance burden on New South Wales taxpayers.

The bill amends the *Payroll Tax Act 2007*, the *Duties Act 1997* and the *Land Tax Management Act 1956*.

The bill also amends the *First Home Owner Grant Act 2000* to comply with requirements of the Intergovernmental Agreement on Federal Financial Relations.

I will deal firstly with the amendments to payroll tax.

The bill amends the employee share scheme provisions of the *Payroll Tax Act* in relation to the valuation of shares and options and the definition of an "employee share scheme".

These amendments are necessary because of changes made by the Commonwealth Government in the 2009-2010 budget to the method of taxing employee share schemes.

The *Payroll Tax Act* relies on provisions of the Commonwealth *Income Tax Assessment Act 1936* to determine when a grant of shares and options becomes liable for payroll tax and in determining their taxable value, and these amendments align the *Payroll Tax Act* with the recent Commonwealth changes.

This allows the ordinary meaning of market value to be used to determine the value of shares and options. This increases flexibility for taxpayers, who can now choose a valuation method that fits their circumstances and has the lowest compliance costs.

The method for calculating the value of an employee share scheme interest can also be specified by Commonwealth regulation, which will allow taxpayers to use this method instead of the market value. At this stage the Commonwealth regulations only specify a method for valuing unlisted options.

These amendments will ease the compliance burden on New South Wales taxpayers because they will use one set of rules for employers to meet their Commonwealth and State tax liabilities.

The new provisions commence on 1 July 2011.

These changes have been developed in consultation with other States and Territories in order to maintain payroll tax harmonisation across Australia.

The bill also includes amendments to the *Duties Act*. The bill provides for three amendments relating to stamp duty on superannuation property transfers.

First, the duties concession for persons changing complying superannuation funds has been extended to apply to transfers of marketable securities to a pooled superannuation trust. While the current concession allows transfers of property from a pooled superannuation trust to a complying superannuation fund, it does not allow a reverse transaction, that is, a transfer of property to a pooled superannuation trust from a complying superannuation fund in connection with a person changing funds

This removes significant constraints on persons changing superannuation funds.

Secondly, the bill ensures concessional duty applies to transfers of property to new trustees of self-managed superannuation funds where there is no scheme to avoid duty.

Finally, the duties concession for transfers of property to self-managed superannuation funds has also been extended to allow a transfer of property from a member of the fund to a custodian appointed by the trustee of that fund.

This ensures the concession is available where superannuation funds borrow to purchase property.

The bill also includes amendments to the *Land Tax Management Act* to extend a concession applying on the death of a land owner.

The existing concessions are extended from one year to two years.

Finally, the bill amends the *First Home Owner Grant Act* to comply with requirements of the Intergovernmental

Agreement [IGA] on Federal Financial Relations.

The grant is currently capped at \$750,000, and homes valued above that amount are not eligible for the grant.

The IGA requires the cap to be not less than 1.4 times the capital city median house price, and that figure must be reviewed annually.

The bill implements this obligation by increasing the cap to \$835,000 for transactions on and after 1 January 2011.

Amendments contained in this bill have been the subject of consultation with professional and industry bodies, including the Financial Services Council, the Institute of Chartered Accountants, CPA Australia, the Law Society of New South Wales, the Property Council of Australia and the Taxation Institute of Australia. I wish to thank those organisations for their assistance in preparing this legislation.

The amendments introduced by this bill will improve State tax Acts by increasing consistency with other States, Territories and the Commonwealth, while protecting the revenue bases for both payroll tax and transfer duty.

I commend the bill to the House.