

**Overview of State Taxes  
Western Australia  
2002-03**

**April 2003**

Department of Treasury and Finance  
197 St George's Terrace  
Perth WA 6000

Further information on the content of this publication can be obtained from:

Kiong Tan  
Economic and Revenue Policy Division  
Department of Treasury and Finance  
197 St George's Terrace  
PERTH WA 6000  
Telephone: (08) 9222 9269  
E-mail: [kiong.tan@dtf.wa.gov.au](mailto:kiong.tan@dtf.wa.gov.au)

ISSN 1443-1904

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# Introduction

*Overview of State Taxes, Western Australia* is prepared annually, both as an internal reference document for Treasury and Finance officers and as a ready reckoner for other agencies and individuals seeking information on State taxes. The main body of the document provides summary information on:

- current tax rates;
- major exemptions and concessions;
- interstate comparisons;
- historical information on changes to tax rates and bases; and
- revenue collections.

The **Summary Table** indicates the contribution of each tax to total tax revenue on a cash basis. The figures may differ from those published in the 2002-03 Budget, which were prepared on an accrual basis consistent with Government Finance Statistics.

**Appendix 1** provides a summary of *tax changes* introduced by the States and Territories in the latest (2002-03) round of State Budgets.

**Appendix 2** provides a summary of the proposed package of reforms stemming from the Review of State Business Taxes.

**Appendix 3** provides a summary of changes to State tax arrangements as part of national tax reform.

This publication can be downloaded from the following Internet site:

**<http://www.dtf.wa.gov.au>**

## Summary Table

<b>SUMMARY OF TAXES IN WESTERN AUSTRALIA</b>				
	<b>2001-02 Actual Outturn (Cash) \$m</b>	<b>As % of Total Taxes %</b>	<b>2002-03 Budget Estimate<sup>2</sup> (Cash) \$m</b>	<b>As % of Total Taxes %</b>
<b>BUSINESS</b>				
Pay-roll Tax	917.5	35.9	1,042.0	37.5
Stamp Duty On Rental Business	23.9	0.9	26.0	0.9
<b>FINANCIAL TRANSACTIONS</b>				
Financial Institutions Duty <sup>1</sup>	15.8	0.6	0.0	0.0
Debits Tax	96.4	3.8	97.5	3.5
Stamp Duty On Insurance Policies	176.1	6.9	230.5	8.3
Stamp Duty On Mortgages	85.6	3.3	89.5	3.2
Stamp Duty On Marketable Securities	9.3	0.4	7.5	0.3
Stamp Duty On Cheques	5.2	0.2	6.0	0.2
<b>GAMBLING</b>				
Casino Tax	44.3	1.7	46.0	1.7
TAB Betting Tax	44.0	1.7	45.5	1.6
Video Lottery Terminals	0.5	0.0	0.5	0.0
<b>MOTOR VEHICLES</b>				
Stamp Duty On Vehicle Licences	180.7	7.1	214.4	7.7
<b>PROPERTY</b>				
Stamp Duty On Conveyances	669.4	26.2	652.4	23.5
Land Tax	234.1	9.2	266.5	9.6
Metro Region Improvement Tax	37.7	1.5	40.5	1.5
<b>OTHER</b>				
Other Stamp Duties	15.0	0.6	16.5	0.6
<b>TOTAL TAXES</b>	<b>2,555.4</b>	<b>100.0</b>	<b>2,781.3</b>	<b>100.0</b>

<sup>1</sup> As part of the national tax reform arrangements, Financial Institutions Duty and stamp duty on quoted marketable securities were abolished from 1 July 2001.

<sup>2</sup> The numbers provided in this table are on a cash basis. Revised revenue figures for 2002-03 on an accrual basis have been published in the Mid-year Review.

# Business Taxes

## Pay-roll Tax

Pay-roll tax is paid monthly by employers on the basis of total wages (including employer-funded superannuation benefits and other fringe benefits) paid to employees, generally in the preceding month. It is collected under the *Pay-roll Tax Assessment Act* and *Pay-roll Tax Act*, which are administered by the Office of State Revenue.

### Rate of Tax

Annual Pay-roll \$	Average Tax Rates %
0 – 675,000	Nil
675,000 – 2,700,000	0 – 3.65
2,700,000 – 4,500,000	3.65 – 4.60
4,500,000 – 5,625,000	4.60 – 6.00
5,625,000 and above	6.00

The tax payable under the above scale can be calculated using the following formulae:

Annual Pay-roll (P) \$	Tax Payable \$
0 – 675,000	Nil
675,000 – 2,700,000	0.04867 (P - 675,000)
2,700,000 – 4,500,000	98,550 + 0.06025 (P - 2,700,000)
4,500,000 – 5,625,000	207,000 + 0.116 (P - 4,500,000)
5,625,000 and above	0.06 (P)

### Exemptions and Concessions

Pay-roll tax exemptions are available primarily to charitable institutions and government departments.

The wages of all apprentices and trainees employed under an approved traineeship scheme are exempt.

Certain prescribed fringe benefits paid by employers to employees in remote areas are also exempt.

## Interstate Comparison

### PAY-ROLL TAX SCALES

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
<b>Exemption Threshold \$</b>	675,000	600,000	550,000	850,000	504,000	1,010,000	600,000	1,250,000
<b>Max Rate %</b>	6.00	6.00	5.35 <sup>1</sup>	4.75	5.67	6.24	6.30	6.85
<b>Tax Scale</b>	Average rate slides from 0 % at \$675,000 to 6.00% at \$5.625m	Marginal rate of 6.00% of pay-roll in excess of \$600,000	Marginal rate of 5.35% of pay-roll in excess of \$550,000	Average rate slides from 0 % at \$850,000 to 4.75% at \$3.4m	Marginal rate of 5.67% of pay-roll in excess of \$504,000	Marginal rate of 6.24% of pay-roll in excess of \$1,010,000	Marginal rate of 6.3% of pay-roll in excess of \$600,000	Marginal rate of 6.85% of pay-roll in excess of \$1,250,000

### TAX PAYABLE AT SELECTED PAY-ROLLS

Annual Pay-roll \$	WA \$	NSW \$	VIC \$	QLD \$	SA \$	TAS \$	NT \$	ACT \$
700,000	1,217	6,000	8,025	-	11,113	-	6,300	-
1,000,000	15,817	24,000	24,075	9,500	28,123	-	25,200	-
2,000,000	64,484	84,000	77,575	72,833	84,823	61,776	88,200	51,375
3,000,000	116,625	144,000	131,075	136,167	141,523	124,176	151,200	119,875
5,000,000	265,000	264,000	238,075	237,500	254,923	248,976	277,200	256,875
10,000,000	600,000	564,000	505,575	475,000	538,423	560,976	592,200	599,375
20,000,000	1,200,000	1,164,000	1,040,575	950,000	1,105,423	1,184,976	1,222,200	1,284,375

### AVERAGE TAX RATES

Annual Pay-roll \$	WA %	NSW %	VIC %	QLD %	SA %	TAS %	NT %	ACT %
700,000	0.17	0.86	1.15	-	1.59	-	0.90	-
1,000,000	1.58	2.40	2.41	0.95	2.81	-	2.52	-
2,000,000	3.22	4.20	3.88	3.64	4.24	3.09	4.41	2.57
3,000,000	3.89	4.80	4.37	4.54	4.72	4.14	5.04	4.00
5,000,000	5.30	5.28	4.76	4.75	5.10	4.98	5.54	5.14
10,000,000	6.00	5.64	5.06	4.75	5.38	5.61	5.92	5.99
20,000,000	6.00	5.82	5.20	4.75	5.53	5.92	6.11	6.42

<sup>1</sup> 5.25% from 1 July 2003.

### **Changes to Rate Scale since 1982**

<b>CHANGES IN PAY-ROLL TAX THRESHOLDS AND RATES</b>				
	<b>Exemption Threshold \$</b>	<b>Top Threshold \$</b>	<b>Minimum Tax Rate %</b>	<b>Maximum Tax Rate %</b>
1 Jan 1982	102,000	201,000	5.00	5.00
1 Jan 1983	125,000	256,000	5.00	5.00
1 Jan 1984	160,000	400,000	5.00	5.00
1 Jan 1985	200,000	800,000	4.75	4.75
1 Jan 1986	220,000	1,408,000	4.00	4.75
1 Aug 1986	250,000	1,800,000	3.75	5.75
1 Jan 1988	275,000	1,980,000	3.75	5.75
1 Jan 1989	295,000	2,124,000	3.75	5.75
1 Nov 1989	300,000	2,500,000	3.95	6.00
1 Jan 1991	320,000	2,666,667	3.95	6.00
1 Jun 1992	350,000	2,916,667	3.95	6.00
1 Dec 1992	375,000	3,125,000	3.95	6.00
1 Jan 1994	450,000	3,750,000	3.95	6.00
1 Jul 1994	550,000	4,583,333	3.95	6.00
1 Jul 1995	600,000	5,000,000	3.95	6.00
1 Jul 1996	625,000	5,208,333	3.95	6.00
1 Jul 1997	675,000	5,625,000	3.65	5.56
1 Jan 2002	675,000	5,625,000	3.65	6.00

### **Changes to the Pay-roll Tax Base since 1982**

The pay-roll tax base was expanded to a wide range of employee benefits in 1997-98, including superannuation benefits and non-cash fringe benefits as defined and valued for Fringe Benefits Tax (FBT) purposes. Excluded from the base expansion were the major remote area fringe benefits.

Travel and accommodation allowances up to prescribed levels, and certain wages for services rendered overseas, were excluded from the pay-roll tax base in 1997-98.

The 2001-02 Budget announced that the pay-roll tax base will be extended to the grossed up value of taxable fringe benefits from 1 January 2002.

### **Changes to Concessions since 1982**

An exemption for the wages of first year apprentices was introduced in 1983-84 and extended to the wages of all apprentices in 1993-94.

Budget-funded government departments were exempted from 1986-87 onwards.

Certain prescribed fringe benefits paid by employers to employees in remote areas were exempted from pay-roll tax from 1 July 1996. These benefits include housing, annual leave travel assistance, power and water subsidies and child education bursaries.

### **Pay-roll Tax Collections**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	529.0	1.8	682.9	1.5	409.34
1993-94	573.3	8.4	724.4	6.1	428.60
1994-95	589.4	2.8	719.6	-0.7	418.76
1995-96	635.9	7.9	747.1	3.8	426.97
1996-97	679.1	6.8	787.1	5.3	441.50
1997-98	723.5	6.5	840.6	6.8	463.57
1998-99	771.8	6.7	881.1	4.8	477.66
1999-00	783.0	1.5	873.5	-0.9	466.68
2000-01	839.8	7.3	888.4	1.7	468.20
2001-02	917.5	9.3	945.1	6.4	491.36
2002-03 <sup>(a)</sup>	1,042.0	13.6	1,042.0	10.3	534.22

<sup>(a)</sup> Budget estimate

## Stamp Duty on Rental Business

Stamp duty on rental business is paid by persons who are in the business of renting goods other than books or real estate. The duty is based on the rental income of the rental business. It is collected under the *Stamp Act*, which is administered by the Office of State Revenue.

### Rate of Duty

The current rate of duty is 1.8% of rental income, provided rental income exceeds \$25,000 per annum. Where rental income exceeds \$25,000 per annum, duty is assessed on the total amount of rental income, not just the component exceeding \$25,000.

Certain service and maintenance costs can be deducted from the gross rental income. To avoid duty on duty, stamp duty which is passed on to customers is also an allowable deduction.

### Exemptions and Concessions

The rental of goods to businesses selling or on-hiring the goods is exempt from duty. Rental income from State government agencies which have been designated by the Minister is also exempt.

### Interstate Comparison

STAMP DUTY ON RENTAL BUSINESS							
WA	NSW	VIC	QLD	SA	TAS	NT	ACT
1.8% of total rental income	0.75% of commercial rentals with a min. of \$2	0.75% of rental income in excess of \$6,000 per month	0.43% of total rental income	1.8% of rental income in excess of \$6,000 per month	Abolished from 1 July 2002	1.8% of total rental income	0.75% of commercial rentals with a min. of \$2
	1.5% of short term and non-financial rentals						1.5% of short term and non-financial rentals
	Max duty of \$10,000 per rental	Max duty of \$10,000 per rental				Max duty of \$9,000 per rental	Max duty of \$10,000 per rental
No duty if rental income is less than \$25,000 pa	First \$14,000 of rental income of each month is exempt for hiring at 1.5% rate	First \$6,000 of rental income of each month is exempt	No duty if total rental income is less than \$100,000 pa	Duty base extended commercial hire purchase		No duty if rental income is less than \$36,000 pa	First \$6,000 of rental income of each month is exempt for hiring at 1.5% rate
Service costs deductible	No deductions	No deductions	No deductions	Service costs deductible		No deductions	No deductions

### **Changes to the Rates since 1982**

Nil.

### **Changes to Concessions since 1982**

The annual rental income ceiling for the option to submit an annual return instead of monthly returns was increased from \$5,000 to \$20,000 in 1986-87 and then to \$50,000 in 1987-88.

The rental income exemption threshold of \$25,000 per annum was introduced on 1 January 1988.

### **Stamp Duty Collections from Rental Business**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	14.8	-5.6	19.1	-5.8	11.42
1993-94	15.0	1.9	19.0	-0.3	11.24
1994-95	14.8	-1.7	18.1	-5.0	10.50
1995-96	17.0	15.0	20.0	10.7	11.42
1996-97	19.2	13.2	22.3	11.7	12.51
1997-98	20.3	5.5	23.6	5.7	13.01
1998-99	21.6	6.5	24.7	4.6	13.38
1999-00	22.0	1.9	24.6	-0.4	13.14
2000-01	23.1	4.9	24.5	-0.5	12.89
2001-02	23.9	3.2	24.6	0.5	12.78
2002-03 <sup>(a)</sup>	26.0	9.0	26.0	5.8	13.30

<sup>(a)</sup> Budget estimate

# Financial Transactions Taxes

## Debits Tax

Debits tax is levied on all withdrawals (including cash withdrawals) from accounts on which cheques can be drawn. The tax was transferred by the Commonwealth to State governments from 1 January 1991. In Western Australia, it is collected under the *Debits Tax Act* and the *Debits Tax Assessment Act*, which are administered by the Office of State Revenue.

### Rate of Tax

Size of Withdrawal	Tax Payable
\$	\$
0 – 1	Nil
1 – 99	0.30
100 – 499	0.70
500 – 4,999	1.50
5,000 – 9,999	3.00
10,000 and over	4.00

### Exemptions

Accounts operated by government departments and non-commercial authorities (for all levels of government) and non-profit religious, educational, hospital and charitable bodies are eligible for exemption from debits tax.

### Interstate Comparison

DEBITS TAX RATES								
Size of Withdrawal	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
\$	\$	\$	\$	\$	\$	\$	\$	\$
1 – 99	0.30	Nil	0.30	0.30	0.30	0.15	0.15	0.30
100 – 499	0.70	Nil	0.70	0.70	0.70	0.35	0.70	0.70
500 – 4,999	1.50	Nil	1.50	1.50	1.50	0.75	1.50	1.50
5,000 – 9,999	3.00	Nil	3.00	3.00	3.00	1.50	3.00	3.00
10,000 and over	4.00	Nil	4.00	4.00	4.00	2.00	4.00	4.00

### **Changes in Tax Rates since 1982**

The debits tax rates were doubled from 1 July 1997. Prior to this, the rates were the same as those previously imposed by the Commonwealth Government.

### **Debits Tax Collections**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	42.5	7.6	54.9	7.3	32.91
1993-94	47.3	11.2	59.8	8.8	35.36
1994-95	51.3	8.5	62.6	4.8	36.45
1995-96	54.5	6.2	64.0	2.2	36.57
1996-97	56.3	3.3	65.2	1.9	36.60
1997-98	107.4	90.7	124.8	91.2	68.81
1998-99	108.3	0.9	123.7	-0.9	67.05
1999-00	103.2	-4.7	115.2	-6.9	61.53
2000-01	99.8	-3.3	105.6	-8.3	55.66
2001-02	96.4	-3.5	99.3	-6.0	51.62
2002-03 <sup>(a)</sup>	97.5	1.2	97.5	-1.8	49.99

<sup>(a)</sup> Budget estimate.

## Stamp Duty on Insurance Policies

Stamp duty on insurance policies is paid by insurers. The duty is usually based on the value of the insurance premium. It is collected under the *Stamp Act*, which is administered by the Office of State Revenue.

### Rate of Tax

Type of Insurance	Rate of Duty
General and CTP insurance	8% of premium
Workers' Compensation Insurance	3% of premium for employers with an annual pay-roll of \$675,000 or less 5% of premium for other employers
Life Insurance:	
– temporary or term insurance	5% of premium or 5% of the premium for the first year if the policy continues for more than the first year
– other life insurance	\$0.05 per \$100 assured up to \$2,000 \$0.10 per \$100 assured over \$2,000

### Exemptions and Concessions

Insurance of risks associated with the transport of goods and commercial marine hulls is exempt from stamp duty. Health insurance and superannuation policies are also exempt. Lower rates of duty apply to workers' compensation insurance and life insurance.

### Interstate Comparison

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
<b>% of Premiums:</b>								
<b>General</b>	8.0	5.0	10.0	8.5	11.0	8.0	10.0	10.0
<b>Workers' Comp</b>	3.0/5.0	Nil	Nil	5.0	Nil	Nil	Nil	Nil
<b>Life Insurance</b>	Other life: 5c per \$100 up to \$2,000 and 10c per \$100 over \$2,000	\$1.00 for first \$2,000 and 20c per \$200 over \$2,000	12c per \$200 up to \$2,000 and 24c per \$200 over \$2,000	5c per \$100 up to \$2,000 and 10c per \$100 over \$2,000	Annual licence of \$1.50 per \$100	10c per \$200 up to \$2,000 and 20c per \$200 over \$2,000	10c per \$100	\$1.00 for first \$2,000 and 20c per \$200 over \$2,000
	Term or temporary: 5% of first year's premium	Term or riders: 5% of first year's premium	Term or temporary: 5% of first year's premium	Term or temporary: 5% of first year's premium		Term or temporary: 5% of first year's premium	Term or temporary: 5% of first year's premium	Term, temporary or riders: 5% of first year's premium

### **Changes to the Rates since 1982**

Stamp duty on life insurance was introduced from 1 November 1983. The stamp duty rate on general insurance policies was increased from 5% to 8% from 1 July 1998. The concessional rate for workers' compensation insurance was increased from 3% to 5% from 1 July 1998.

From 30 June 2001, the concessional rate for workers' compensation insurance was reduced from 5% to 3% for employers who are exempt from pay-roll tax (the current pay-roll tax exemption threshold is \$675,000). The 5% rate remains unchanged for other employers.

The nominal amount of stamp duty (25 cents per policy) for motor vehicle compulsory third party (CTP) insurance policies was replaced by an ad valorem rate of 8% of the premium from 1 July 2002.

### **Changes to Concessions since 1982**

The exemption for insurance on transport of goods and on commercial marine hulls came into effect on 11 December 1986.

### **Stamp Duty Collections from Insurance Policies**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	50.5	10.6	65.2	10.3	39.11
1993-94	59.0	16.7	74.6	14.3	44.11
1994-95	62.5	5.9	76.3	2.4	44.41
1995-96	68.4	9.4	80.4	5.3	45.93
1996-97	70.4	3.0	81.6	1.6	45.80
1997-98	73.6	4.5	85.5	4.8	47.17
1998-99	112.1	52.2	127.9	49.6	69.36
1999-00	139.5	24.4	155.6	21.6	83.11
2000-01	155.0	11.1	164.0	5.4	86.41
2001-02	176.1	13.6	181.4	10.6	94.30
2002-03 <sup>(a)</sup>	230.5	30.9	230.5	27.1	118.17

<sup>(a)</sup> Budget estimate.

## Stamp Duty on Mortgages

Stamp duty on mortgages and other securities is paid by the borrower (i.e. the 'mortgagor') on the basis of the amount secured. The duty is collected under the *Stamp Act*, which is administered by the Office of State Revenue.

### Rate of Duty

\$0.25 per \$100 of the amount secured up to \$35,000 and \$0.40 per \$100 of amounts secured above \$35,000, except for loans for owner-occupied residences where \$0.25 per \$100 applies to the whole of the loan amount.

### Exemptions and Concessions

Universities and charities.

### Interstate Comparison

MORTGAGE DUTY RATES ON AMOUNTS SECURED							
WA <sup>(a)</sup>	NSW <sup>(b)</sup>	VIC <sup>(c)</sup>	QLD <sup>(d)</sup>	SA	TAS <sup>(c)</sup>	NT	ACT
Nil below \$100	\$5 up to \$16,000	\$4 below \$10,000	\$0.40 per \$100	Nil below \$400	\$20 below \$8,000	Nil	Nil
\$0.25 per \$100 up to \$35,000	\$0.40 per \$100 above \$16,000	\$0.80 per \$200 above \$10,000		\$10 up to \$4,000	\$0.25 per \$100 between \$8,000 and \$10,000		
\$0.40 per \$100 above \$35,000		(Vic will abolish this duty from 1 July 2004)		\$0.25 per \$100 between \$4,000 and \$10,000	\$0.35 per \$100 above \$10,000		
				\$0.35 per \$100 above \$10,000			

<sup>(a)</sup> A concessional duty rate of \$0.25 per \$100 applies to all owner-occupied residential loans irrespective of the amount.

<sup>(b)</sup> Exemptions available for loan refinancings, additional advances of up to \$10,000 in any 12 month period and first home purchases within certain value ranges.

<sup>(c)</sup> Loan refinancings are exempt from duty.

<sup>(d)</sup> First \$100,000 of a first home loan is exempt from duty. First \$70,000 of all other home loans is exempt. First \$100,000 of a loan refinancing for a principal place of residence is also exempt from duty.

**MORTGAGE DUTY PAYABLE ON SELECTED AMOUNTS BORROWED (\$)**

Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
20,000	50.00	21.00	44.00	80.00	60.00	60.00	Nil	Nil
50,000	147.50	141.00	164.00	200.00	165.00	165.00		
100,000	347.50	341.00	364.00	400.00	340.00	340.00		
250,000	947.50	941.00	964.00	1,000.00	865.00	865.00		
500,000	1,947.50	1,941.00	1,964.00	2,000.00	1,740.00	1,740.00		
1,000,000	3,947.50	3,941.00	3,964.00	4,000.00	3,490.00	3,490.00		

**Changes to the Rate Scale since 1982**

The rate of duty was increased from \$0.15 to \$0.25 per \$100 of the amount secured from 1 November 1983.

A higher marginal rate of duty of \$0.40 per \$100 on that component of the loan in excess of \$35,000 was introduced from 1 November 1989 (other than for loans for purchases of owner-occupied residences).

**Changes to Concessions since 1982**

Nil.

**Stamp Duty Collections from Mortgages**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	38.4	3.0	49.6	2.7	29.72
1993-94	49.1	27.8	62.0	25.1	36.68
1994-95	54.4	10.9	66.5	7.2	38.67
1995-96	51.1	-6.2	60.0	-9.7	34.28
1996-97	55.5	8.7	64.3	7.2	36.08
1997-98	72.9	31.4	84.8	31.8	46.74
1998-99	61.3	-15.9	70.0	-17.4	37.97
1999-00	68.8	12.1	76.7	9.6	40.99
2000-01	74.7	8.6	79.0	2.9	41.63
2001-02	85.6	14.6	88.2	11.6	45.84
2002-03 <sup>(a)</sup>	89.5	4.6	89.5	1.5	45.89

<sup>(a)</sup> Budget estimate.

## **Stamp Duty on Marketable Securities**

Stamp duty on transfers of marketable securities quoted on the Australian Stock Exchange (ASX) or another recognised stock exchange was abolished from 1 July 2001, as part of the national tax reform package.

This excludes transfers of marketable securities in private companies and trusts, and in public companies and trusts where the securities are not quoted on the ASX or another recognised stock exchange.

The duty on unquoted securities is collected under the *Stamp Act*, which is administered by the Office of State Revenue.

### **Rate of Duty**

60 cents/\$100 for unquoted securities, payable by purchasers.

### **Interstate Comparison**

The same rate of duty applies in all States and Territories, except for both Victoria and Tasmania which have abolished the duty on unquoted marketable securities from 1 July 2002.

### **Exemptions and Concessions**

Transfers of corporate debt securities (i.e. debentures and unsecured notes issued by a corporation) are exempt from duty.

### **Changes to the Rate since 1982**

From 1 September 1994, the fractional rates of duty for transfer value of less than \$100 were removed.

From 1 July 1995, the rate of duty was reduced from 60 cents per \$100 to 30 cents per \$100 for quoted securities.

From 1 July 2001, the duty on quoted securities was abolished.

### **Changes to Concessions since 1982**

Transfers of debentures and unsecured notes were exempted from 1 January 1986.

In 1987, the two day stamp duty exemption period for stockbrokers acting on their own behalf was increased to 10 days.

**Stamp Duty Collections from Marketable Securities**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	15.8	-2.6	20.4	-2.9	12.20
1993-94	35.8	127.1	45.3	122.3	26.77
1994-95	29.9	-16.4	36.6	-19.2	21.28
1995-96	22.1	-26.2	26.0	-29.0	14.84
1996-97	24.3	9.7	28.1	8.2	15.77
1997-98	25.2	3.8	29.2	4.0	16.13
1998-99	24.9	-1.1	28.4	-2.8	15.41
1999-00	42.2	69.3	47.0	65.5	25.13
2000-01	57.7	37.0	61.1	29.9	32.20
2001-02	9.3	-83.9	9.5	-84.4	4.96
2002-03 <sup>(a)</sup>	7.5	-19.1	7.5	-21.5	3.80

<sup>(a)</sup> Budget estimate.

# Gambling Taxes

## Lotteries Surpluses

The Lotteries Commission raises money through sales of Lotto, Soccer Pools, Cash 3 and instant lotteries for distribution to hospitals and community organisations, and for sports and cultural activities.

The Lotteries Commission operates under the *Lotteries Commission Act 1990*.

## Interstate Comparison

In Western Australia, retailers' fees are added on to the price of tickets and are paid directly by consumers, except for Saturday Lotto, Cash 3 and instant lottery. Retailers' fees are approximately 8% for selling Saturday Lotto, Cash 3 and instant lottery. In all other States, retailers' fees are added on to the price of tickets, and hence paid directly by consumers.

An interstate comparison of taxation and hypothecation of Lotteries Commission revenue is as follows:

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<b>WA</b>	40% of net subscriptions (sales net of any add-on commission less prize liability) is paid to the Hospital Fund; 12.5% of net subscriptions plus any surplus funds is paid to such eligible organisations as the Commission thinks fit and the Minister approves; 5% of net subscriptions is paid into the Sports Lotteries Account; 5% of net subscriptions is paid into the Arts Lotteries Account; and up to 5% of net subscriptions is used to support the Festival of Perth and the WA film industry.
<b>NSW</b>	Tax is based on 66.1% of player loss (i.e. subscriptions less outgoings for the public lottery).
<b>VIC</b>	79.4% (where GST is payable) or 90.0% (where GST is not payable) of player loss is paid into the Consolidated Fund (CF). Revenue is then transferred by standing appropriation from the CF to the Hospitals and Charities Fund and Mental Hospitals Fund.  57.52% (where GST is payable) or 68.0% (where GST is not payable) of player loss for Soccer Pools.
<b>QLD</b>	62% of gross revenue (i.e. player loss) for lotteries, 55% for instant scratch-its, 45% for Golden Casket lotteries, 59% for Soccer Pools. 8.5% of these revenues are allocated to the Community Investment Fund. GST credit provided.
<b>SA</b>	Lotto, Powerball, Super 66 and instant scratchies: 41% of net gambling revenue (i.e. player loss) plus remaining surplus is hypothecated to the Hospitals Fund. Sports and special lotteries: 41% of net gambling revenue plus distributable surplus is hypothecated to the Recreation and Sport Fund.
<b>TAS</b>	Subscriptions are collected on behalf of Tasmania by Victoria. Victoria pays 100% of the duty from subscriptions to Tasmania. All the funds are paid into the CF.
<b>NT</b>	NT's Tattersall's lotteries and soccer pool subscriptions are collected on behalf of the NT by Victoria. Victoria pays 100% of the duty from subscriptions to the NT. All funds received are paid into the Lotteries Fund Account, where payments are made to charitable organisations or transferred to the CF and Sports and Recreational Development Fund.  57.52% of player loss attributable to the NT for Soccer Pools.
<b>ACT</b>	Subscriptions are collected on behalf of the ACT by Victoria (79.4% of player loss) and NSW (66.1% of player loss). 57.52% of Soccer Pool player loss.

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### **Changes in Lotteries Commission's Products since 1981**

The Commission became a member of the Australian Lotto Bloc in 1981 and has marketed Weekend Lotto since then. MidWeek Lotto was introduced in 1983 and Super 66 in 1986. Oz Lotto was introduced in 1994, and Powerball was launched in 1996 to replace Midweek Lotto. Cash 3 was launched in 1998 as the first on-line game unique to Western Australia.

Soccer Pools were taken over by the Lotteries Commission in October 1989.

### **Lotteries Surpluses**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	89.5	-7.3	115.5	-7.6	69.25
1993-94	98.0	9.5	123.8	7.1	73.23
1994-95	109.1	11.4	133.3	7.7	77.55
1995-96	119.4	9.4	140.3	5.3	80.16
1996-97	119.9	0.4	139.0	-0.9	77.95
1997-98	125.7	4.8	146.0	5.1	80.54
1998-99	126.5	0.6	144.4	-1.1	78.29
1999-00	124.6	-1.5	139.0	-3.7	74.26
2000-01	134.0	7.5	141.8	2.0	74.71
2001-02	135.8	1.3	139.9	-1.3	72.73
2002-03 <sup>(a)</sup>	137.2	1.0	137.2	-1.9	70.34

<sup>(a)</sup> Budget estimate.

The lotteries surpluses in the above table are the surpluses of the Lotteries Commission after prize pay-outs, retailers' commission and operational costs. They include all funds available for distribution to community and charitable organisations. These funds are not accounted for in the Consolidated Fund.

## Casino Tax

Casino tax is payable each month by the casino licence holder based on the gross revenue (total bets placed less winnings paid out) generated by the casino in the preceding month. Casino tax is collected by the Department of Racing, Gaming and Liquor under the *Casino (Burswood Island) Agreement Act* and the *Casino Control Act*.

### Rate of Tax

From 24 December 2002, casino tax is being levied at the following rates:

Category	Rate of Duty		
	From 24 Dec 2002	From 24 Dec 2004	From 24 Dec 2006
Electronic gaming machines	17%	18%	20%
Table games (including Keno)	16%	17%	18%
International commission business	13%	12%	11%

An additional 1% is paid to the Burswood Park Board for upkeep of the Park. In addition, an annual licence fee (approximately \$1.95 million in 2001-02) is payable in advance in four quarterly instalments to the Gaming Commission to defray its running costs. The annual licence fee is adjusted for inflation each year.

### Exemptions and Concessions

The existing legislation provides that no other casinos were permitted to be built in Western Australia before December 2000.

### Interstate Comparison

#### CASINO TAX RATES

<b>WA</b>	From 24 December 2002: 17% of electronic gaming machines gross revenue, 16% of table games (including keno) gross revenue and 13% of international commission business gross revenue. Plus 1% levy (or \$1m, whichever is the greater) for the upkeep of Burswood Park.
<b>NSW</b>	13.41% of gross revenue (i.e. player loss) from slots and 10.91% of gross revenue from table gaming. Plus super tax on table revenue above \$250.4m p.a. at 1% for each \$6.3m to a max of 35.91%. Plus community benefit levy of 2% on gross gaming revenue (excluding high roller revenue). International high roller program has been suspended.
<b>VIC</b>	21.25% of gross revenue, plus 1% super tax for each \$20m gross revenue above \$500m p.a. (CPI adjusted from 1994), to a max super tax of 20% on gross revenue over \$880m (CPI adjusted from 1994). 9% of gross revenue applies to high roller tables, plus super tax of 1% for each \$20m of gross revenue over \$160m (CPI adjusted) up to a max of 21.25% on gross revenue over \$380m (CPI adjusted). 1% community benefit levy.
<b>QLD</b>	For non-premium players: 20% of gross revenue (i.e. player loss) for Brisbane and Gold Coast casinos; 10% of gross revenue for Townsville and Cairns casinos. For premium players: 10% for Brisbane and Gold Coast casinos; 8% for Townsville and Cairns casinos. Community benefit levy of 1% of gross revenue applies to all casinos.
<b>SA</b>	0.91% of net table gambling revenue (i.e. player loss) plus 34.41% of net gaming machine revenue.

<b>TAS</b>	5.88% of gross profit on keno and table gaming. 15.88% to 25.88% of gross profit on gaming machines.
<b>NT</b>	8% for Lasseters, 22.5% of gross profit for poker machines, 12% of gross profit for general games for MGM Grand and 4% for international sourced bets on internet casino.
<b>ACT</b>	20% of gross revenue (i.e. player loss). 10% of gross revenue for junket operations.

In addition to the above casino taxes, the following licence fees are payable:

#### **CASINO LICENCE FEES**

<b>WA</b>	One-off payment of \$20.6m for the security of the licence. \$1.95 m p.a. payable in four instalments in advance, indexed annually.
<b>NSW</b>	A one-off non-refundable payment of \$376m.
<b>VIC</b>	\$358.4m fully paid.
<b>QLD</b>	\$148,100 per quarter, indexed.
<b>SA</b>	Nil
<b>TAS</b>	\$70,800 per month, indexed annually.
<b>NT</b>	Nil
<b>ACT</b>	\$641,063 p.a., indexed annually.

#### **Changes to the Tax Rate or Concessions since 1982**

Nil.

#### **Casino Tax Collections**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	37.1	27.9	47.9	27.5	28.71
1993-94	51.5	38.9	65.1	35.9	38.53
1994-95	58.9	14.3	71.9	10.4	41.83
1995-96	65.2	10.7	76.6	6.5	43.76
1996-97	59.1	-9.3	68.5	-10.5	38.42
1997-98	54.8	-7.2	63.7	-7.0	35.14
1998-99	43.3	-21.1	49.4	-22.4	26.79
1999-00	43.9	1.4	49.0	-0.9	26.17
2000-01	43.4	-1.2	45.9	-6.3	24.19
2001-02	44.3	2.1	45.6	-0.6	23.72
2002-03 <sup>(a)</sup>	46.0	3.8	46.0	0.8	23.60

<sup>(a)</sup> Budget estimate

## **Betting Taxes**

Betting taxes comprise the Totalisator Agency Board (TAB) Betting Tax and the Bookmakers' Betting Levy.

The TAB Betting Tax is levied monthly on TAB turnover and is paid by the TAB into the Consolidated Fund. It accounts for the bulk of betting taxes.

The TAB Betting Tax is collected by the Office of State Revenue under the *Totalisator Agency Board Betting Tax Act*. The Bookmakers' Betting Levy is collected under the *Bookmakers Betting Levy Act*.

### **Rate of Tax**

The TAB Betting Tax rate is 5% of betting turnover. However, the tax rate is effectively 4.5% of betting turnover via an administrative reimbursement of 0.5% of turnover to the TAB.

The Bookmakers' Betting Levy is 2% in respect of race betting turnover and 0.5% in respect of sports betting turnover at a racecourse. The levy is collected by the racing clubs and the revenue is retained by the industry, except for sports betting, where the Government receives 50% of the collections.

From 1 August 1998, a 2% Bookmakers' Betting Levy was introduced for sports betting at a sporting venue. The revenue from this levy is collected by the Betting Control Board and distributed to sporting organisations at the discretion of the Minister for Sport and Recreation.

### **Exemptions and Concessions**

Nil.

## Interstate Comparison

CURRENT TAX RATES % (REVENUE PAID TO GOVERNMENT)								
	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
<b>TAB Betting Tax</b>								
- win, place bets	4.5	(a)	(a)	(b)	(c)	(e)	(f)	(g)
- double bets	4.5	(a)	(a)	(b)	(c)	(e)	(f)	(g)
- multiple bets	4.5	(a)	(a)	(b)	(c)	(e)	(f)	(g)
<b>Totalisator Duty</b>								
- win, place bets	0.0	(a)	(a)	(b)	(d)	(e)	(f)	(g)
- double bets	0.0	(a)	(a)	(b)	(d)	(e)	(f)	(g)
- multiple bets	0.0	(a)	(a)	(b)	(d)	(e)	(f)	(g)

(a) 19.11% of player loss.

(b) 20% of player loss, of which 8.5% is allocated to the Community Benefit Fund.

(c) 6% of net wagering revenue (i.e. player loss) (while in Government ownership). 45% of TAB distributable surplus is hypothecated to the Hospital Fund.

(d) Tax rate varies from 1% to 5.25% depending on sum of bets made.

(e) Tax abolished

(f) NT's betting taxes are levied on the type of event rather than the type of bet. These are 40% of the licensee's commission on thoroughbred and harness races and greyhound races; 20% of the licensee's commission on races, events, sports and activities other than thoroughbred and harness races and greyhound races if in Australia and 10% if outside Australia.

(g) A monthly licence fee plus a dividend and tax equivalents of around 3.6%.

### Changes to the Rate Scale since 1982

The TAB Betting Tax rate was increased from 6% to 7% of TAB turnover in 1983. In 1988-89, both the TAB Betting Tax and Totalisator Duty rates were reduced by 1 percentage point.

The Government reduced the Bookmakers' Betting Tax from 2.50% to 2.25% and abolished stamp duty on betting tickets from 1 August 1989.

From 28 June 1996, the TAB Betting Tax rate was reduced to 5%, the Totalisator Duty was abolished, and the Bookmakers' Betting Tax was changed to a levy with the rate reduced to 2%. All the collections from the Bookmakers' Betting Levy are retained by the industry, except for sports betting, where the Government receives 50% of the collections.

From 30 June 1998, the Bookmakers' Betting Levy for sports betting at a racecourse was reduced from 2% to 0.5%. From 1 August 1998, the Bookmakers' Betting Levy was introduced at the rate of 2% for sports betting at a sporting venue.

From 1 February 2001, the TAB Betting Tax rate was effectively reduced from 5.0% to 4.5%, through the payment of rebates to the TAB.

### **TAB Betting Tax Collections**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	27.4	0.8	31.7	0.5	19.01
1993-94	28.6	4.4	32.4	2.2	19.17
1994-95	30.8	7.7	33.7	4.0	19.62
1995-96	32.7	6.2	34.4	2.2	19.68
1996-97	34.0	4.0	35.3	2.6	19.81
1997-98	36.3	6.7	37.8	7.0	20.85
1998-99	38.8	7.0	39.7	5.1	21.54
1999-00	39.9	2.6	39.9	0.3	21.29
2000-01	42.7	7.2	40.5	1.6	21.34
2001-02	44.0	3.1	40.7	0.4	21.14
2002-03 <sup>(a)</sup>	45.5	3.3	40.8	0.3	20.90

<sup>(a)</sup> Budget estimate.

# Motor Vehicles

## Stamp Duty on Motor Vehicle Licences

Stamp duty on motor vehicle licence transfers (including new registrations) is paid by the purchaser of the new or used vehicle based on the market value of the vehicle at the time of registration or licence transfer. The duty is collected by the Licensing Division of the Department of Planning and Infrastructure on behalf of the Office of State Revenue. The relevant pieces of legislation are the *Stamp Act* and the *Road Traffic Act*, which are administered by the Office of State Revenue and the Department for Planning and Infrastructure respectively.

### Rate of Tax

#### New Heavy Vehicles (over 4.5 tonnes)

3% of market value of vehicle.

The maximum stamp duty payable is \$12,000 per vehicle.

#### Used Heavy Vehicles

Market Value of Vehicle	Tax Rate
\$0 – \$15,000	2.5% flat
\$15,000 – \$40,000	2.5% – 5.0% <sup>(a)</sup>
Over \$40,000	5.0% flat

(a) rate = 2.5% + {(V-\$15,000)/(\$40,000-\$15,000)}x{5%-2.5%}  
where V = value of vehicle

The maximum stamp duty payable is \$20,000 per vehicle.

#### Other Vehicles

Market Value of Vehicle	Tax Rate
\$0 – \$15,000	2.75% flat
\$15,000 – \$40,000	2.75% – 6.50% <sup>(a)</sup>
Over \$40,000	6.50% flat

(a) rate = 2.75% + {(V-\$15,000)/(\$40,000-\$15,000)}x{6.50%-2.75%}  
where V = value of vehicle

### Exemptions and Concessions

Transfers of vehicles to dealers for re-sale are exempt from duty, as are purchases of all vehicles exempt from annual licence fees under the *Road Traffic Act* (includes certain off-road vehicles used in farming and mining, government vehicles and vehicles purchased by certain charities).

## Interstate Comparison

### STAMP DUTY ON MOTOR VEHICLES (BASED ON MARKET VALUES)<sup>1</sup>

WA	NSW	VIC	QLD	SA	TAS	NT	ACT
As Above	\$3 per \$100	<b>New:</b> <b>Passenger:</b> 0–\$35,000: \$5 per \$200	\$2 per \$100	0–\$1,000: \$1 per \$100	Under \$600: \$20	Under \$600: \$20	\$3 per \$100
	<b>Passenger Vehicles:</b>  Under \$45,000: \$3 per \$100	\$35,000 – \$45,000: \$8 per \$200		\$1,001 – \$2,000: \$10 + \$2 per \$100	Over \$600: \$3 per \$100	Over \$600: \$3 per \$100	<b>Passenger Vehicles:</b>  Under \$45,000: \$3 per \$100
	Over \$45,000: \$1,350 plus \$5 per \$100	Over \$45,000: \$10 per \$200		<b>Commercial:</b> Over \$2,000: \$30 + \$3 per \$100	<b>Passenger Vehicles:</b>  Under \$35,000: Same as above	Over \$40,000: \$4 per \$100	Over \$45,000: \$1,350 plus \$5 per \$100
		<b>Non-passenger:</b> \$5 per \$200		<b>Private:</b> \$2,001 – \$3,000: \$30 + \$3 per \$100	\$35,000 – \$40,000: \$11 per \$100		
		<b>Used:</b> \$8 per \$200		\$100 Over \$3,000: \$60 + \$4 per \$100			

<sup>1</sup> These rates may not apply to heavy vehicles and heavy trailers in all jurisdictions (e.g. Queensland has a stamp duty exemption for heavy trailers).

### STAMP DUTY ON SELECTED VEHICLE VALUES

Vehicle Value	WA	NSW	VIC		QLD	SA		TAS	
	Non-heavy		New	Used		Commercial	Other	Passenger	Other
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5,000	138	150	125	200	100	120	140	150	150
10,000	275	300	250	400	200	270	340	300	300
20,000	700	600	500	800	400	570	740	600	600
30,000	1,500	900	750	1,200	600	870	1,140	900	900
45,000	2,600	1,350	2,250	1,800	900	1,320	1,740	1,800	1,350
60,000	3,900	2,100	3,000	2,400	1,200	1,770	2,340	2,400	1,800
80,000	5,200	3,100	4,000	3,200	1,600	2,370	3,140	3,200	2,400

### Changes to the Rate of Duty since 1982

From 1 November 1983 the rate of stamp duty on motor vehicle licence transfers was increased from \$1.50 to \$3.00 per \$100 of vehicle value. The maximum duty ceiling was also removed at that time. From 1 July 1999, the rate of stamp duty was changed from a single flat rate to a three tiered scale ranging from 2.5% to 5.0%. From 1 July 2002, the rate of stamp duty was changed to three scales (one for new heavy vehicles, one for used heavy vehicles, and one for other vehicles).

**Stamp Duty Collections from Motor Vehicle Licence Transfers**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	88.1	17.0	113.7	16.6	68.14
1993-94	105.5	19.8	133.3	17.3	78.88
1994-95	117.9	11.7	143.9	8.0	83.77
1995-96	124.6	5.7	146.4	1.7	83.65
1996-97	131.7	5.7	152.7	4.3	85.64
1997-98	139.2	5.6	161.7	5.9	89.17
1998-99	138.5	-0.5	158.1	-2.2	85.71
1999-00	158.7	14.6	177.1	12.0	94.60
2000-01	161.2	1.6	170.5	-3.7	89.87
2001-02	180.7	12.1	186.1	9.1	96.75
2002-03 <sup>(a)</sup>	214.4	18.7	214.4	15.2	109.90

<sup>(a)</sup> Budget estimate

## Motor Vehicle Licence Fees

Motor vehicle registration fees are paid by motor vehicle owners (who use their vehicles on public roads) either every six months or 12 months.

The registration fees consist of a motor vehicle licence fee, compulsory third party insurance premium and recording fee. These registration fees are collected by the Licensing Division of the Department for Planning and Infrastructure under the *Road Traffic Act*.

### Current Licence Fees

For light vehicles (gross weight of less than 4.5 tonnes), the licence fee component of the registration fees is currently \$13.52 per 100 kg of tare weight. The example in the table below indicates the licence fees payable on a 6-cylinder Holden Commodore (1,512kg tare weight) for either family or business use. The difference of \$28 is due to a discount for family vehicles.

	Family Use	Business Use
	\$ per annum	\$ per annum
Holden Commodore	188.32	216.32

For heavy vehicles (gross weight of 4.5 tonnes or more), Western Australia has adopted the national uniform licence fee charges from 1 July 1996. The licence fee component of the registration fees for these vehicles is determined by the number of axles, the gross weight of the vehicle and its nomination of use in towing trailers.

The revenue from motor vehicle licence fees is hypothecated to the Main Roads Trust Fund, which is used for road expenditure purposes.

### Licence Fee Exemptions and Concessions

A total exemption applies to vehicles used by Commonwealth, State and local government agencies, government hospitals, disabled pensioners and Ministers of religion. Light vehicles (less than 4.5 tonnes) owned by some State government trading enterprises are also exempt.

Charitable institutions receive either a 50% concession or 100% exemption depending on the use of the vehicles. Interchangeable semi-trailers are 75% exempt. Vehicles used by primary producers, beekeepers, kangaroo shooters, sandalwood pullers and prospectors receive a 50% exemption. Trailers used outside the South West Land Division are also 50% exempt.

Age and service pensioners (other than disabled pensioners) and seniors who hold **both** a State Seniors Card and Commonwealth Seniors Health Card receive a 50% exemption.

A flat discount of \$28 applies to family vehicles (non-business vehicles).

### **Interstate Comparison**

In New South Wales, Victoria and the Australian Capital Territory, licence fees are based on the weight of the vehicles. In Queensland, South Australia and the Northern Territory, licence fees are based mainly on the number of cylinders and engine capacity. Using the same example of a Holden Commodore, interstate comparisons are as follows:

<b>MOTOR VEHICLE LICENCE FEES<sup>(a)</sup></b>								
	<b>WA</b>	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>SA</b>	<b>TAS</b>	<b>NT</b>	<b>ACT</b>
	<b>\$ p.a.</b>	<b>\$ p.a.</b>	<b>\$ p.a.</b>	<b>\$ p.a.</b>	<b>\$ p.a.</b>	<b>\$ p.a.</b>	<b>\$ p.a.</b>	<b>\$ p.a.</b>
<b>Holden Commodore</b>								
Family Use	188.32	327.00	140.00	278.35	154.00	179.65	152.00	309.00
Business Use	216.32	498.00	140.00	278.35	154.00	179.65	152.00	480.00

<sup>(a)</sup> Excludes administration, recording and inspection fees and compulsory third party insurance premiums.

### **Changes in Licence Fees since 1982**

On 1 July 1997 licence fee rates in Western Australia were increased by approximately 20%.

The licence fees were further increased, and the calculation of the fees was simplified and charged on the basis of weight only (\$12 per 100kg tare weight) on 1 July 1998. From 1 July 1999, licence fees have been indexed by the Perth CPI.

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**MOTOR VEHICLE LICENCE FEES SINCE 1983**

Year	Holden Commodore	
	Family	Business
	\$ p.a.	\$ p.a.
1983	65.56	65.56
1986	74.10	74.10
1989	78.44	78.44
1993	70.84	97.86
1997	85.00	117.40
1998	164.00	192.00
1999	168.15	196.15
2000	172.16	200.16
2001	182.08	210.08
2002	188.32	216.32

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***Changes in Concessions since 1982***

Since 1 January 1987, age pensioners who hold Pensioner Health Benefits Cards (now the Pensioner Concession Card) have received a 50% concession on licence fees.

From 1 January 1990, a \$20 concession was introduced for family vehicles. In addition, family vehicles did not attract the 7% increase in licence fees, which applied to other vehicles from that date.

From 1 July 1998, the family discount was fixed at \$28 and the 25% concession for diesel powered vehicles was removed. The 25% concession for intrastate vehicles was phased out in two stages by 1 July 1999.

From 1 July 2001, eligibility for a 50% concession on licence fees was extended to seniors who hold **both** a State Seniors Card and a Commonwealth Seniors Health Card.

**Motor Vehicle Licence Fee Collections**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	93.0	5.8	120.1	5.5	72.00
1993-94	96.4	3.6	121.8	1.4	72.06
1994-95	99.5	3.3	121.5	-0.2	70.72
1995-96	102.5	3.0	120.5	-0.9	68.85
1996-97	113.2	10.3	131.1	8.9	73.56
1997-98	138.8	22.7	161.3	23.0	88.96
1998-99	217.4	56.6	248.2	53.9	134.57
1999-00	227.9	4.8	254.2	2.4	135.82
2000-01	236.0	3.6	249.7	-1.8	131.58
2001-02	255.1	8.1	262.8	5.2	136.62
2002-03 <sup>(a)</sup>	262.7	3.0	262.7	0.0	134.68

<sup>(a)</sup> Budget estimate.

# Property Taxes

## Stamp Duty on Conveyances

Stamp duty on conveyances is paid by the purchaser of property (primarily land, buildings, mining tenements and business goodwill) on the basis of the total value of property transferred. It is collected under the *Stamp Act*, which is administered by the Office of State Revenue.

### Rate of Tax

Property Value	Rate of Duty
\$0 to \$80,000	\$2.00 per \$100 or part thereof
\$80,001 to \$100,000	\$1,600 and \$3.00 per \$100 above \$80,000
\$100,001 to \$250,000	\$2,200 and \$4.15 per \$100 above \$100,000
\$250,001 to \$500,000	\$8,425 and \$5.15 per \$100 above \$250,000
Above \$500,000	\$21,300 and \$5.50 per \$100 above \$500,000

### Exemptions and Concessions

Designated government authorities, universities (in certain circumstances), charities, certain superannuation schemes and the transfer of a principal place of residence between spouses from single to joint ownership (includes de-facto spouses) are exempt.

The purchase of a small business or principal place of residence below \$100,000 is subject to a concessional rate of duty of 1.5%. The concessional rate phases out for properties valued between \$100,000 and \$135,000. First home buyers and buyers of first home land meeting various property value limits are additionally entitled to a stamp duty rebate of \$500 (or a full rebate if duty of less than \$500 applies).

### Interstate Comparison

	CONVEYANCE DUTY SCALES							
	WA	NSW	VIC	QLD	SA	TAS	NT <sup>(a)</sup>	ACT
Min Rate (%)	2.0	1.25	1.4	1.5	1.0	1.5 <sup>(b)</sup>	2.1	2.00
Min Threshold (\$'000)	0	0	0	0	0	1.3	0	0
Max Rate (%)	5.5	5.5	5.5	3.75	5.5	4.0	5.4	6.75
Max Threshold (\$'000)	500	1,000	870	500	500	225	500	1,000

(a) For conveyances less than \$500,000, duty is derived by the formula  $D = (0.065 \times V^2) + 21V$ , where D= duty payable in \$ and V = value of property transferred divided by 1000. Over \$500,000, duty is 5.4% of the property value.

(b) Duty of \$20 applies for values below \$1,300.

An interstate comparison of stamp duty payable on various property values is as follows:

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**CONVEYANCE DUTY PAYABLE ON SELECTED LAND VALUES**

Property Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
\$'000	\$	\$	\$	\$	\$	\$	\$	\$
50	1,000	765	1,000	975	1,080	1,050	1,213	1,000
100	2,200	1,990	2,200	2,350	2,830	2,425	2,750	2,000
150	4,275	3,740	4,660	3,975	4,830	3,925	4,613	3,750
250	8,425	7,240	10,660	7,225	8,955	7,550	9,313	7,500
500	21,300	17,990	25,660	15,975	21,330	17,550	27,000	20,500
1,000	48,800	40,490	55,000	34,725	48,830	37,550	54,000	49,250
5,000	268,800	260,490	275,000	184,725	268,830	197,550	270,000	319,250

Note: The above table does not reflect conveyance duty concessions available for principal places of residence and small businesses in Western Australia, or first home buyer concessions available in all States.

An interstate comparison of stamp duty concessions on conveyances and mortgages for home buyers is as follows:

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**WA** Any purchaser of a principal place of residence valued at less than \$100,000 is entitled to a concessional rate of duty of 1.5%. The concessional rate phases out for properties valued between \$100,000 and \$135,000. First home buyers whose purchases are below \$135,000, or \$202,500 north of the 26th parallel, can additionally claim a \$500 stamp duty rebate. First home land purchases below \$52,000 (regardless of location) are also eligible for a rebate of up to \$500.

A concessional mortgage duty rate of 0.25% (normally 0.4% on amounts above \$35,000) applies to all owner-occupied residential mortgages irrespective of the amount.

**NSW** The First Home Plus Scheme applies to contracts signed on or after 1 July 2000. Under this scheme, all first home buyers receive a total exemption from conveyance duty and mortgage duty for metropolitan property values up to \$200,000 and for non-metropolitan property values up to \$175,000.

The conveyance and mortgage duty exemptions phase out between \$200,000 and \$300,000 for metropolitan properties, and between \$175,000 and \$250,000 for non-metropolitan properties.

For vacant land, the threshold value is \$95,000 in the metropolitan area with the exemptions phasing out between \$95,000 and \$140,000, and \$80,000 in non-metropolitan areas, phasing out between \$80,000 and \$110,000.

**VIC** A first home buyer conveyance duty exemption applies on properties up to \$150,000. The exemption reduces from \$150,000 and phases out at \$200,000.

A full pensioner conveyance duty exemption applies to properties up to \$100,000. The exemption reduces from \$100,000 and phases out at \$130,000. Applicants must be holders of Commonwealth concession cards.

If any exemption (total or partial) is given on conveyance duty, a total mortgage duty exemption applies.

- QLD** A conveyance duty exemption applies to the first \$80,000, and a concessional rate applies to the excess up to \$250,000.
- A mortgage duty exemption applies on the first \$100,000 of the purchase price if the home is a first home, and \$70,000 for other homes. Standard duty rates apply to the balance.
- There is also an exemption on the refinancing of the first \$100,000 outstanding under a mortgage secured on the borrower's principal place of residence.
- SA** For first home buyers, a full exemption applies for a home valued at \$80,000 or under. Thereafter, the value of the concession is reduced on a pro-rata basis to nil as the home value increases from \$80,000 to \$130,000.
- There is no mortgage duty concession.
- TAS** Where the value of the property does not exceed \$120,000, a first home buyer can apply for an interest free loan, repayable on a quarterly basis over two years, to pay both conveyance and mortgage duty.
- NT** All first home buyers receive a duty concession on the first \$125,000 of the value of a home purchase (regardless of value).
- There is no mortgage duty in the Northern Territory.
- ACT** A nominal \$20 duty applies to eligible home buyers for properties up to \$116,000. The concession phases out at \$140,000. There is a household income test of \$45,000 per annum.
- For vacant land, the threshold value is \$58,000 with the exemptions phasing out between \$58,000 and \$70,000.
- There is no mortgage duty in the Australian Capital Territory.

### **Changes to the Rate Scale since 1982**

The rates of stamp duty on conveyances have been increased as follows:

<b>MARGINAL TAX RATES %</b>			
<b>Value</b>			
<b>\$'000</b>	<b>From 1 Nov 1983</b>	<b>From 1 July 1998</b>	<b>From 1 July 2002</b>
less than 80	1.75	1.95	2.00
80 – 100	2.50	2.85	3.00
100 – 250	3.25	3.70	4.15
250 – 500	4.00	4.55	5.15
above 500	4.25	4.85	5.50

### **Changes to Concessions since 1982**

The exemption for the transfer of the matrimonial home to create joint tenants was introduced in January 1988 and extended to couples living in de-facto relationships in the 1991-92 Budget.

The \$500 stamp duty rebate for first home buyers was introduced in March 1989. The value limits were increased from \$80,000 to \$85,000 and from \$120,000 to \$127,500 (for properties north of the 26th parallel) on 1 November 1989. The value limits were further increased from \$85,000 to \$135,000 and from \$127,500 to \$202,500 (for properties north of the 26th parallel) on 1 July 1998.

The value limit for the 1.5% concessional duty rate for the transfer of owner occupied residences and small businesses was increased from \$50,000 to \$85,000 on 1 November 1989. This was further increased to \$100,000 on 1 July 1998. A gradual phasing out of the concessional duty rate for properties valued between \$100,000 and \$135,000 was also introduced at that time.

The stamp duty exemption for corporate reconstructions was introduced on 1 October 1996.

The stamp duty exemption for chattels (except trading stock, livestock and chattels used in farming) conveyed with real property was removed from 1 July 1998.

### **Stamp Duty Collections from Conveyances**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	207.3	11.4	267.6	11.0	160.39
1993-94	306.3	47.8	387.0	44.6	228.99
1994-95	294.6	-3.8	359.6	-7.1	209.28
1995-96	303.7	3.1	356.8	-0.8	203.93
1996-97	313.4	3.2	363.2	1.8	203.75
1997-98	488.9	56.0	568.0	56.4	313.27
1998-99	438.6	-10.3	500.7	-11.9	271.43
1999-00	508.7	16.0	567.5	13.3	303.19
2000-01	529.7	4.1	560.4	-1.2	295.34
2001-02	669.4	26.4	689.5	23.0	358.49
2002-03 <sup>(a)</sup>	652.4	-2.5	652.4	-5.4	334.50

<sup>(a)</sup> Budget estimate.

## Land Tax

Land tax in Western Australia is levied upon the unimproved value of taxable land owned at midnight on the 30 June preceding the year of assessment and is payable annually by the land owner. It is collected under the *Land Tax Assessment Act*, which is administered by the Office of State Revenue.

### Rate of Tax

<b>LAND TAX SCALE FOR 2002-03</b>	
Unimproved Value of Land \$'000	Land Tax Payable
0 – 50	Nil
50 – 100	\$75.00+0.15c per \$1 above \$50,000
100 – 190	\$150.00+0.25c per \$1 above \$100,000
190 – 325	\$375.00+0.45c per \$1 above \$190,000
325 – 550	\$982.50+0.80c per \$1 above \$325,000
550 – 850	\$2,782.50+1.20c per \$1 above \$550,000
850 – 1,250	\$6,382.50+1.60c per \$1 above \$850,000
1,250 – 2,000	\$12,782.50+2.00c per \$1 above \$1,250,000
2,000 – 5,000	\$27,782.50+2.30c per \$1 above \$2,000,000
Over 5,000	\$96,782.50+2.50c per \$1 above \$5,000,000

The unimproved value of land is updated by the Valuer General annually.

### Exemptions and Concessions

The major general exemptions are for principal places of residence and land used in primary production (mining as well as agriculture). Exemptions are also available for land owned by religious bodies, charitable organisations, retirement villages, public hospitals, universities and other educational institutions, provided that the land is used for their own purposes (as opposed to being leased out to business tenants).

Land owned by a society, club or association for non-profit use is eligible for a 50% exemption from land tax.

The principal place of residence exemption is also available to purchasers of homes who own two residences in transitional circumstances.

## Interstate Comparisons

### LAND TAX SCALES

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
<b>Min Threshold</b>	\$50,000	\$261,000	\$150,000	\$200,000	\$50,000	\$15,000	Not Levied	\$0
<b>Max Threshold</b>	\$5,000,000	\$261,000	\$2,700,000	\$1,500,000	\$1,000,000	\$500,000		\$200,000
<b>Min Tax Rate</b>	0.15%	1.70%	0.10%	0.20%	0.35%	0.55%	-	1.00%
<b>Max Tax Rate</b>	2.50%	1.70%	5.00%	1.80%	3.70%	2.50%	-	1.50%

### LAND TAX PAYABLE

Land Value \$	WA \$	NSW \$	VIC \$	QLD \$	SA \$	TAS \$	NT \$	ACT \$
20,000	0	0	0	0	0	53	Not Levied	200
50,000	75	0	0	0	0	218		500
100,000	150	0	0	0	175	493	-	1,000
150,000	275	0	150	0	350	1,118	-	1,875
200,000	420	0	200	0	525	1,743	-	2,500
500,000	2,383	4,163	800	2,631	4,175	8,493	-	7,500
1,000,000	8,783	12,663	6,230	9,031	12,425	20,993	-	15,000
5,000,000	96,783	80,663	169,880	76,500	160,425	120,993	-	75,000

### AVERAGE TAX RATES

Land Value \$	WA %	NSW %	VIC %	QLD %	SA %	TAS %	NT %	ACT %
20,000	0.15	0.00	0.00	0.00	0.00	0.26	Not Levied	1.00
50,000	0.15	0.00	0.00	0.00	0.00	0.44		1.00
100,000	0.15	0.00	0.00	0.00	0.18	0.49	-	1.00
150,000	0.18	0.00	0.10	0.00	0.23	0.75	-	1.25
200,000	0.21	0.00	0.10	0.00	0.26	0.87	-	1.25
500,000	0.48	0.83	0.16	0.53	0.84	1.70	-	1.50
1,000,000	0.88	1.27	0.62	0.90	1.24	2.10	-	1.50
5,000,000	1.94	1.63	3.40	1.53	3.21	2.42	-	1.50

### ***Changes to the Rate Scale since 1982***

In 1986-87 the maximum marginal rate was reduced from 2.4% to 2.0%. The number of tiers was also reduced and the value ranges applying to each tier were expanded. In 1993-94, the land tax scale was restructured to accommodate the introduction of annual valuations. The land tax rates were further reduced to lessen the impact of valuation increases on land tax assessments in 1995-96, 1996-97, 1997-98, 1998-99 and 1999-2000.

In 2002-03, the land tax exemption threshold was increased from \$10,000 to \$50,000. At the same time, the top tax rates were increased from 2.0% to 2.3% for land with an unimproved value between \$2 million and \$5 million, and to 2.5% for land with an unimproved value exceeding \$5 million.

### ***Changes to Concessions since 1982***

In 1985-86 and 1986-87, as an interim measure, a 10% land tax rebate was offered to all of Western Australia's land tax payers, pending the major review of 1986-87.

In 1988-89, the Government extended the phase-in period for general revaluations for land tax purposes from 3 years to 4 years, a move designed especially to assist owners of Perth Central Business District (CBD) properties whose land was subject to revaluations in that year.

In 1991-92, the Government decided not to apply new valuations for land tax purposes, a move designed to provide relief to owners of property otherwise subject to both the first year's phase-in of a new valuation and the fourth year's phase-in of the previous valuation (again, owners of Perth CBD properties were the principal beneficiaries).

In 1992-93, land tax assessments were frozen at 1991-92 levels, except where reductions were applicable (or where there had been variations to land holdings). Reductions were applicable primarily in the Perth CBD where in some cases the new 1992-93 valuations were significantly less than the fully phased-in 1988-89 valuations on which the 1991-92 land tax assessments were based.

In 1993-94, a land tax exemption for beneficiary-occupiers of residences owned by discretionary trusts was re-introduced (reversing the removal of this exemption in 1989).

In 1994-95, a land tax exemption was extended to all land owned by retirement villages. Also, the 50% land tax exemption available for land used solely for non-profit activities by a society, club or association was increased to a 100% exemption.

In 1995-96, the primary production exemption was extended to land used by the owner for the purpose of breeding horses. Also, a 50% concession was provided to certain primary producers who do not meet a 'one third of net income from primary production' test.

The 50% exemption for land owned by a religious or educational body and used for commercial or business purposes was reduced to 40% in 1998-99 and 20% in 1999-2000. The exemption was completely phased out from 2000-01 onwards.

The land tax exemption for principal places of residence held by a company or trust was removed from 1 July 2002.

### **Land Tax Collections**

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	128.5	-3.8	165.8	-4.1	99.41
1993-94	122.9	-4.3	155.3	-6.4	91.88
1994-95	137.1	11.6	167.4	7.8	97.41
1995-96	158.6	15.6	186.3	11.3	106.45
1996-97	165.3	4.3	191.6	2.9	107.49
1997-98	170.6	3.2	198.2	3.4	109.31
1998-99	165.4	-3.0	188.9	-4.7	102.39
1999-00	200.9	21.4	224.1	18.6	119.72
2000-01	217.3	8.2	229.9	2.6	121.16
2001-02	234.1	7.7	241.1	4.9	125.37
2002-03 <sup>(a)</sup>	266.5	13.8	266.5	10.5	136.60

<sup>(a)</sup> Budget estimate.

## Metropolitan Region Improvement Tax

Metropolitan Region Improvement Tax (MRIT) is levied upon the unimproved value of all land which is both liable for land tax and located within the boundaries of the metropolitan region. MRIT collections are hypothecated to a trust fund for expenditure by the Western Australian Planning Commission on road reserves, parks and recreation areas.

### Rate of Tax

0.15% of unimproved land value.

### Exemptions and Concessions

As for land tax.

### Changes to the Rate Scale since 1982

In 1987-88 the rate of MRIT was reduced from 0.25% to 0.225% of unimproved value.

In 1993-94 the rate was further reduced to 0.15%, to accommodate the introduction of annual valuations for land tax.

### Changes to Concessions since 1982

As for land tax.

### MRIT Collections

	Revenue Collections (cash) \$m	Change %	Revenue in 2002-03 Dollars \$m	Change %	Per Capita Revenue in 2002-03 Dollars \$
1992-93	17.6	-7.3	22.7	-7.6	13.58
1993-94	17.4	-0.9	22.0	-3.0	13.00
1994-95	19.8	14.0	24.2	10.1	14.08
1995-96	23.4	18.3	27.5	13.8	15.74
1996-97	25.5	8.8	29.6	7.3	16.58
1997-98	26.7	4.6	31.0	4.9	17.10
1998-99	29.5	10.5	33.7	8.6	18.25
1999-00	32.2	9.3	36.0	6.8	19.21
2000-01	36.2	12.3	38.3	6.5	20.18
2001-02	37.7	4.2	38.9	1.5	20.21
2002-03 <sup>(a)</sup>	40.5	7.3	40.5	4.2	20.80

<sup>(a)</sup> Budget estimate.

## **Appendix 1**

### **A Summary of Tax Changes in 2002-03 in all States and Territories**

The following is a summary of the major tax changes announced in 2002-03 State Budgets.

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#### **Western Australia**

##### ***Stamp Duty on Insurance Policies***

The nominal amount of stamp duty (25 cents per policy) for motor vehicle compulsory third party (CTP) insurance policies was replaced by an ad valorem rate of 8% of the premium from 1 July 2002. This measure increases the stamp duty by \$19.21 for a standard passenger vehicle (from 25 cents to \$19.46 per policy), and is expected to raise \$24.5 million in 2002-03.

##### ***Stamp Duty on Motor Vehicle Licence Transfers***

The rate of stamp duty on motor vehicle licence transfers (including new registrations) was increased from 1 July 2002, except for heavy vehicles (i.e. those with a mass rating for charging exceeding 4.5 tonnes). This measure is expected to raise \$38.3 million in 2002-03.

At the same time, the stamp duty rate for new registrations of heavy vehicles was reduced to a flat 3% and stamp duty payable on registrations and transfers of new and used heavy vehicles will be capped at the amount payable for a vehicle value of \$400,000. These measures have a cost of \$3.9 million in 2002-03. For transfers of used heavy vehicles, the rate of stamp duty remains unchanged.

##### ***Stamp Duty on Property Conveyances***

A more progressive conveyance duty scale was introduced from 1 July 2002, involving increases in the marginal rates across the various property values range from 2.6%, for property valued at \$80,000 or less, to 13.4% for property valued at over \$500,000. This measure is expected to raise \$57.0 million in the first full year.

### ***Pay-roll Tax and Contractors***

In the 2001-02 Budget, it was announced that the pay-roll tax base would be extended, from 1 July 2002, to include payments for the labour of 'employee-like' contractors. Following consultations with industry, the Government decided not to proceed with new contractor provisions, reflecting concerns about additional compliance costs for businesses and the risk of inadvertently capturing genuine contractors. This decision is expected to cost \$6.0 million per annum.

### ***Conveyance Duty on Wholesale Unit Trusts***

The Stamp Act will be amended to provide stamp duty relief to genuine 'wholesale' unit trusts. This measure is expected to have minimal impact on revenue.

## **New South Wales**

### ***Pay-roll Tax***

The pay-roll tax rate was reduced from 6.2% to 6.0% from 1 July 2002 at the cost of \$130 million in 2002-03 and \$142 million in a full year.

Apprentice wages were exempt from pay-roll tax from 1 July 2002, at the cost of \$9 million in 2002-03 and \$10 million in a full year.

The pay-roll tax base was broadened by removing the concessions for fringe benefits and exemptions for some eligible termination payments from 1 July 2002, raising \$107 million in 2002-03 and \$117 million in a full year.

### ***Stamp Duty on General Insurance***

The stamp duty rate on general insurance policies was reduced from 10% to 5% from 1 August 2002 at a cost of \$150 million 2002-03 and \$180 million in a full year.

## **Victoria**

### ***Pay-roll Tax***

From 1 July 2002, the single marginal rate of pay-roll tax was reduced from 5.45% to 5.35% and the pay-roll tax exemption threshold was increased from \$515,000 to \$550,000, costing \$70 million in 2002-03.

From 1 July 2003, the single marginal rate of pay-roll tax will be further reduced to 5.25%, costing a further \$50 million per annum.

### **Land Tax**

The land tax exemption threshold will be increased from \$125,000 to \$150,000 for the 2003 assessment year, costing \$3 million per annum.

### **Stamp Duty on Unlisted Shares**

Stamp duty on unlisted shares was abolished from 1 July 2002, costing around \$10 million in 2002-03.

### **Stamp Duty Concessions**

The conveyance duty concessions were expanded to concession card holders and first home buyers with dependent children, with full concession of up to \$4,660 available from 1 July 2002 for the purchase of homes valued up to \$150,000 and a partial concession on homes valued between \$150,000 and \$200,000. The income test for families was removed. These measures are estimated to cost \$13 million per annum.

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## **Queensland**

### **Pay-roll Tax**

The pay-roll tax rate was reduced from 4.8% to 4.75% from 1 July 2002.

Pay-roll tax concessions involving termination payments and the grossing-up of fringe benefits were removed from 1 July 2002.

### **Land Tax**

The land tax exemption threshold will be increased from \$100,000 to \$150,000 for properties owned by companies, trusts and absentees. At the same time the 15% land tax rebate for these owners will be removed. However, the rebate will continue to apply to properties owned by natural persons.

### **Stamp Duty on Insurance Policies**

A stamp duty exemption will be introduced for public liability insurance policies issued to non-profit organisations (details are yet to be worked out).

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## **South Australia**

### ***Pay-roll Tax***

The single marginal rate for pay-roll tax was reduced from 5.75% to 5.67%, with the exemption threshold increased from \$456,000 to \$504,000, from 1 July 2002. At the same time, the pay-roll tax base was broadened to include the grossed up value of fringe benefits and eligible termination payments. These measures are expected to be revenue-neutral.

### ***Conveyance Duty***

Marginal rates of conveyance duty applying to property values in excess of \$200,000 will be increased from date of assent of amendments to legislation. The top marginal rate, which applies to property values above \$500,000 will be increased from 4.5% to 5.5%. This measure is expected to raise \$14.0 million in a full year.

### ***Rental Business Duty***

The base for stamp duty on rental business will be broadened from 1 January 2003 to include commercial hire purchase arrangements. Also, the current GST-inclusive approach will be changed to a GST-exclusive approach. This measure is expected to raise \$7.5 million in a full year.

### ***Gaming Machines***

The tax on gaming machines in hotels and clubs will be re-structured from 1 January 2003 to provide tax relief to small clubs and hotels, with significant increases in tax payable by larger venues due to the introduction of additional brackets. This measure is expected to raise \$34.0 million in a full year.

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## **Tasmania**

### ***Land Tax***

Land tax was reduced for all taxpayers from 1 July 2002 by reducing the number of tiers in the land tax scale and by lifting the exemption threshold from \$1,000 to \$15,000, at a cost of \$2 million per annum.

### ***Pay-roll Tax***

The pay-roll tax rate was reduced from 6.30% to 6.24% and the general exemption threshold was increased from \$1.0 million to \$1.01 million from 1 July 2002. These measures were designed to offset the effect of the increase in the superannuation guarantee charge on employers' pay-roll.

### ***Stamp Duties***

A range of stamp duties was abolished with effect from 1 July 2002. These include stamp duties on leases, hire of goods, unlisted marketable securities and public liability insurance premiums. The abolition of these duties is estimated to cost \$7.4 million per annum.

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## **Northern Territory**

### ***Pay-roll Tax***

The pay-roll tax rate was reduced from 6.5% to 6.3% from 1 July 2002. At the same time, the pay-roll tax base will be extended to include eligible termination payments and the grossed up value of fringe benefits. These measures are expected to be revenue neutral.

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## **Australian Capital Territory**

### ***Stamp Duty on Insurance Policy***

An exemption from stamp duty is to apply to premiums for public liability insurance and other general insurance required to hold a public event. This initiative is aimed at assisting amateur sporting and community bodies that are run on a not-for-profit basis, at an estimated cost of \$0.2 million per year.

### ***Stamp Duty on Conveyancing***

The rates of stamp duty for conveyancing were increased from 1 July 2002, raising an estimated \$7.3 million per annum. The maximum rate of duty has been increased from 5.5% to 6.75%.

***Pay-roll Tax***

The pay-roll tax base will be extended to include eligible termination payments and the grossed up value of fringe benefits, raising an estimated \$2.3 million per annum.

***Land Tax***

From 1 October 2002, residential land tax exemptions for properties owned by a trust or a company (excluding building and development companies) will be removed and such properties will become liable for land tax, even if they are not rented, raising an estimated \$0.5 million per year.

Land tax rates on non-residential properties and residential properties that are rented were increased from 1 October 2002, raising about \$1.6 million in 2002-03.

***Motor Vehicle Registration Fees***

Effective from 1 September 2002, registration fees for all private and business motor vehicles will be increased by an average of \$26, to align with the registration fees charged in NSW, raising an estimated \$3.9m in the 2002-03.

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## Appendix 2

### Review of State Business Taxes

The Government announced its decision to conduct a Review of State Business Taxes in the 2001-02 Budget brought down in September 2001. The overall objective of the review was to make recommendations on how to improve the efficiency, equity and simplicity of the State's tax system, with a particular focus on minimising compliance costs.

The Department of Treasury and Finance conducted the Review, with extensive input from taxpayers, industry and community groups. The final report of the Review was presented to the Government in February 2002. In June 2002, the Government released a Draft White Paper: *Streamlining the Tax System – Fewer, Fairer, and Simpler*, which presented a proposed package of reforms. In January 2003, the Treasurer announced a final package of reforms (outlined below), following a period of public comment and advice from an expert Reference Committee.

Reforms in the final package will:

- reduce the number of State taxes by abolishing:
  - stamp duty on cheques;
  - stamp duty on leases;
  - stamp duty on unlisted marketable securities;
  - stamp duty on life insurance;
  - stamp duty on workers' compensation insurance (from 2004-05); and
  - debits tax (from 2005-06).
- simplify tax rate scales for the major remaining taxes, by:
  - replacing the current multiple marginal pay-roll tax rate scale with a single marginal rate of 6.0% above an increased exemption threshold of \$750,000; and
  - reducing the number of thresholds in the land tax scale (from 10 to 6), to reduce land tax 'bracket creep'.

- improve interjurisdictional harmonisation, by:
  - broadening the rental business duty base to capture a wider range of hiring arrangements, while at the same time lowering the rate of duty (on a revenue neutral basis). In addition, duty will only apply to the amount of income above the increased threshold;
  - excluding unsecured and non-lending financial arrangements from the mortgage duty base, and removing the potential for double duty on interstate mortgages; and
  - aligning prescribed motor vehicle allowances for pay-roll tax purposes with those for Commonwealth income tax purposes.
- improve Western Australia's tax competitiveness, by:
  - abolishing (in stages) six State taxes (as noted above);
  - reducing the rate of stamp duty on new registrations of heavy vehicles (including heavy trailers) to 3.0%, and introducing a cap on the maximum amount of duty payable on heavy vehicles (already implemented); and
  - providing stamp duty relief to genuine wholesale unit trusts (already implemented).
- accommodate modern business practices, by amending the Stamp Act in areas where it has not kept pace with developments in the commercial world (e.g. put and call options, property syndicates, off-the-plan arrangements, substituted purchasers and mining tenement 'farm-ins').
- improve tax administration, by:
  - developing a Taxpayers' Charter and an integrated self-assessment strategy;
  - implementing enhancements to 'Revenue Online', as part of the Office of State Revenue's electronic commerce strategy;
  - re-writing the Stamp Act;
  - reviewing the Office of State Revenue's information requirements for stamp duty purposes;
  - giving consideration to the issues involved in providing public/private binding rulings.
- broaden the base of the State's larger taxes, including:
  - conveyance duty – for example, through the 'land rich company' provisions, chattels, intellectual property and goodwill;

- pay-roll tax - by extending the pay-roll tax base to include eligible termination payments; and
- land tax - by removing the land tax concession for residential land developers.

The land tax and pay-roll tax measures are expected to commence from 1 July 2003, with most of the remaining measures expected to be in place by the end of 2003.

## Appendix 3

### National Tax Reform and State Taxes

As part of national tax reform, Financial Institutions Duty and stamp duty on quoted marketable securities were abolished from 1 July 2001. It is also proposed that debits tax will cease to apply by 1 July 2005, subject to review by the Ministerial Council of Commonwealth and State Treasurers.

The Commonwealth and States have also agreed to review by 2005 the need to retain the following taxes:

- stamp duty on non-residential conveyances;
- stamp duty on mortgages;
- stamp duty on credit arrangements/rental business;
- stamp duty on leases;
- stamp duty on cheques; and
- stamp duty on unlisted marketable securities.

As noted in Appendix 2, Western Australia proposes to abolish a number of these taxes ahead of the review by the Ministerial Council.

Also as part of national tax reform, the States agreed to adjust their gambling tax arrangements from 1 July 2000 to 'make room' for the GST. The mechanisms for achieving this vary across jurisdictions, but generally involve:

- reducing State gambling tax rates;
- allowing a credit against State gambling taxes payable; or
- providing a rebate/reimbursement to gambling operators of their GST liability. This is the approach adopted in Western Australia.