



Department of Treasury and Finance
Government of Western Australia

Overview of State Taxes Western Australia 2004-05

March 2005

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Western Australia
2004-05

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

2004–05 Overview of State Taxes
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Further information on the content of this publication can be obtained from:

Kiong Tan
Revenue and Intergovernmental Relations 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

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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 the following information on major taxation categories:

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

Brief explanations of various minor taxation categories ('Other Taxes, Fees and Levies') are also provided.

The **Summary Table** indicates the contribution of each tax to total tax revenue on an accrual basis consistent with Government Finance Statistics as published by the Australian Bureau of Statistics.

Appendix 1 provides a summary of tax changes introduced by the States and Territories in the 2004-05 round of State Budgets and other measures up to February 2005.

Appendix 2 provides a summary of changes to State tax arrangements as part of the national tax reform undertaken in 2000.

This publication can be downloaded from the following Internet site:

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

Summary Table

STATE TAXES IN WESTERN AUSTRALIA				
	2002-03	2003-04	2004-05	As a % of
	Actual	Actual	Estimates (a)	Total
	\$ million	\$ million	\$ million	
BUSINESS				
Pay-roll Tax	1,003.7	1,139.4	1,183.5	29.7%
Stamp Duty on Rental Business	24.7	27.3	24.3	0.6%
FINANCIAL TRANSACTIONS				
Financial Institutions Duty	1.7	0.0	0.0	0.0%
Debits Tax	95.3	97.1	96.0	2.4%
Stamp Duty on Insurance Policies	220.2	278.7	255.8	6.4%
Stamp Duty on Mortgages	95.6	114.9	121.3	3.0%
Stamp Duty on Marketable Securities	6.6	12.0	0.0	0.0%
Stamp Duty on Cheques	4.8	3.0	0.0	0.0%
Stamp Duty on Leases	11.5	9.5	0.0	0.0%
GAMBLING				
Lotteries Commission	74.9	75.3	75.3	1.9%
Casino Tax	16.5	22.4	20.2	0.5%
TAB Betting Tax	26.9	34.0	29.6	0.7%
Other	0.1	0.1	0.0	0.0%
MOTOR VEHICLES				
Stamp Duty on Vehicle Licences	231.7	273.0	258.5	6.5%
Motor Vehicle Registrations	298.6	320.3	317.0	8.0%
Motor Vehicle Recording Fee	41.5	45.0	36.8	0.9%
PROPERTY				
Stamp Duty on Conveyances	833.3	1,207.2	1,047.1	26.3%
Land Tax	259.6	279.7	309.7	7.8%
Metropolitan Region Improvement Tax	38.9	43.6	47.5	1.2%
OTHER				
Emergency Services Levy	0.0	75.0	118.3	3.0%
Contributions to Fire Brigades	68.9	30.6	0.0	0.0%
Employer Indemnity Levy	18.3	6.0	7.5	0.2%
Workers' Compensation Levy (b)	(a)	13.2	13.0	0.3%
Loan Guarantee Fees	10.0	10.5	10.8	0.3%
Other	4.1	4.2	9.5	0.2%
TOTAL STATE TAXATION	3,387.4	4,122.0	3,981.7	100%
(a) Estimates based on the 2005 Pre-Election Financial Projections Statement (PFPS) released on 2 February 2005.				
(b) Previously classified as a regulatory fee (sales of goods and services). Reclassified as tax revenue from 2003-04 onwards.				

Business Taxes

Pay-roll Tax

Pay-roll tax is generally paid monthly by employers¹ 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 2002* and *Pay-roll Tax Act 2002*, which are administered by the Office of State Revenue.

Rate of Tax

A single marginal tax rate of 6.0% replaced the previous multiple rate scale from 1 July 2003. The single marginal rate was reduced to 5.5% from 1 January 2005, with the exemption threshold remaining unchanged at \$750,000 per annum:

Annual Pay-roll \$	Tax Rate %
0 – 750,000	Nil
Over 750,000	5.5% x (Annual Pay-roll – 750,000)

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.

¹ From 1 January 2005, businesses with an annual tax liability below \$20,000 can elect to pay their pay-roll tax on an annual basis. Eligible employers must make an application to the Commissioner of State Revenue to change the lodgement frequency of their returns from a monthly to an annual basis.

Interstate Comparison as at 1 January 2005

PAY-ROLL TAX SCALES

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
Exemption Threshold \$	750,000	600,000	550,000	850,000	504,000	1,010,000	800,000	1,250,000
Max Rate %	5.50	6.00	5.25	4.75	5.50	6.10	6.20	6.85
Tax Scale	Marginal rate of 5.50% of pay-roll in excess of \$750,000	Marginal rate of 6.00% of pay-roll in excess of \$600,000	Marginal rate of 5.25% 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 5.50% of pay-roll in excess of \$504,000	Marginal rate of 6.10% of pay-roll in excess of \$1,010,000	Marginal rate of 6.20% of pay-roll in excess of \$800,000	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	–	6,000	7,875	–	10,780	–	–	–
1,000,000	13,750	24,000	23,625	9,500	27,280	–	12,400	–
2,000,000	68,750	84,000	76,125	72,833	82,280	60,390	74,400	51,375
3,000,000	123,750	144,000	128,625	136,167	137,280	121,390	136,400	119,875
5,000,000	233,750	264,000	233,625	237,500	247,280	243,390	260,400	256,875
10,000,000	508,750	564,000	496,125	475,000	522,280	548,390	570,400	599,375
20,000,000	1,058,750	1,164,000	1,021,125	950,000	1,072,280	1,158,390	1,190,400	1,284,375

AVERAGE TAX RATES

Annual Pay-roll \$	WA %	NSW %	VIC %	QLD %	SA %	TAS %	NT %	ACT %
700,000	–	0.86	1.13	–	1.54	–	–	–
1,000,000	1.38	2.40	2.36	0.95	2.73	–	1.24	–
2,000,000	3.44	4.20	3.81	3.64	4.11	3.02	3.72	2.57
3,000,000	4.13	4.80	4.29	4.54	4.58	4.05	4.55	4.00
5,000,000	4.68	5.28	4.67	4.75	4.95	4.87	5.21	5.14
10,000,000	5.09	5.64	4.96	4.75	5.22	5.48	5.70	5.99
20,000,000	5.29	5.82	5.11	4.75	5.36	5.79	5.95	6.42

Changes to Rate Scale since 1982

**CHANGES IN PAY-ROLL TAX THRESHOLDS AND RATES
WESTERN AUSTRALIA**

	Exemption Threshold \$	Top Threshold \$	Minimum Tax Rate %	Maximum Tax Rate %
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
1 July 2003	750,000	No threshold	n.a.	6.00
1 Jan 2005	750,000	No threshold	n.a.	5.50

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 by the *Fringe Benefits Tax Act 1986 (Cth)*. 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 pay-roll tax base was extended to the grossed up value of taxable fringe benefits from 1 January 2002, and to eligible termination payments from 1 July 2003.

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

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	589.4	2.8	751.0	-0.7
1995-96	635.9	7.9	779.8	3.8
1996-97	679.1	6.8	821.4	5.3
1997-98	723.5	6.5	877.3	6.8
1998-99 ^(a)	753.5	4.1	897.7	2.3
1999-00	765.7	1.6	891.5	-0.7
2000-01	823.6	7.6	909.3	2.0
2001-02	900.1	9.3	967.7	6.4
2002-03	1,003.7	11.5	1,049.8	8.5
2003-04	1,139.4	13.5	1,167.9	11.2
2004-05 ^(b)	1,183.5	3.9	1,183.5	1.34

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate. Includes part year impact of reduction in pay-roll tax rate.

Stamp Duty on Hire of Goods

Stamp duty on hire of goods is paid by commercial hire businesses on hiring charges received in respect of arrangements for the hiring of goods and equipment. It is collected under the *Stamp Act 1921*, which is administered by the Office of State Revenue².

Rate of Duty

The current rates of duty are 1.5% of hiring charges received from ordinary hires, and 0.75% of hiring charges received from equipment financing arrangements, which are hire purchase agreements and other hires that have a term of greater than nine months.

The annual exemption threshold is \$50,000, however, it is applied differently depending on the type of hire involved. If the annual hiring charges received from equipment financing arrangements exceed \$50,000, duty is imposed on the total hiring charges received. If the annual hiring charges received from ordinary hiring arrangements exceed \$50,000, duty is imposed only on the component of the hiring charges that exceed the \$50,000 threshold.

Exemptions and Concessions

Consumer credit agreements, such as those offered by electrical and department stores, are excluded from the tax base. There are also a number of other exclusions from what constitutes a hire of goods.

² Generally, returns are required to be lodged on a monthly basis, with any hire duty payable. However, if the annual hiring charges received are less than \$200,000, a business can apply to lodge an annual return by entering into a Special Tax Return Arrangement with the Commissioner.

Interstate Comparison

STAMP DUTY ON HIRE OF GOODS							
WA	NSW	VIC	QLD	SA	TAS	NT	ACT
0.75% of hiring charges from equipment finance	0.75% of hiring charges from equipment finance	0.75% of hiring charges in excess of \$6,000 per month	0.43% of hiring charges	0.75% of rental income from equipment finance	Abolished from 1 July 2002	1.8% of total rental income	0.75% of hiring charges from equipment finance
1.5% of ordinary hire of goods	1.5% of ordinary hire of goods			1.8% of other rental income in excess of \$6,000 per month			1.5% of ordinary hire of goods
	Max duty of \$10,000 per arrangement	Max duty of \$10,000 per rental				Max duty of \$9,000 per rental	Max duty of \$10,000 per rental
No duty if hiring charges from ordinary hires is less than \$50,000 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	No duty if total rental income is less than \$72,000 pa		No duty if rental income is less than \$90,000 pa	First \$6,000 of rental income of each month is exempt for hiring at 1.5% rate
No deductions	No deductions	No deductions	No deductions	Service costs deductible		No deductions	No deductions

Changes to the Rates since 1982

Rental business duty (applied at a single rate of 1.8% on rental income if annual rental income was above \$25,000) was replaced by the split-rate hire of goods regime from 1 July 2004.

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. From 1 July 2004, the annual hiring charges ceiling was increased to \$200,000.

The rental income exemption threshold of \$25,000 per annum was introduced on 1 January 1988. This exemption threshold was increased to \$50,000 from 1 July 2004.

Stamp Duty Collections from Hire of Goods^(a)

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	14.8	-1.7	18.8	-5.0
1995-96	17.0	15.0	20.8	10.7
1996-97	19.2	13.2	23.3	11.7
1997-98	20.3	5.5	24.6	5.7
1998-99 ^(b)	21.6	6.4	25.7	4.5
1999-00	22.0	1.9	25.6	-0.5
2000-01	23.1	5.0	25.5	-0.4
2001-02	23.5	1.7	25.3	-0.9
2002-03	24.7	5.1	25.8	2.3
2003-04	27.3	10.5	28.0	8.3
2004-05 ^(c)	24.3	-11.0	24.3	-13.2

^(a) Rental business duty collections are shown up to 2003-04.

^(b) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(c) PFPS 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 2002* and the *Debits Tax Assessment Act 2002*, which are administered by the Office of State Revenue.

Legislation has been passed to abolish debits tax from 1 July 2005.

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	Abolished 1 January 2002	0.30	0.30	0.30	0.15	0.15	0.30
100 – 499	0.70		0.70	0.70	0.70	0.35	0.70	0.70
500 – 4,999	1.50		1.50	1.50	1.50	0.75	1.50	1.50
5,000 – 9,999	3.00		3.00	3.00	3.00	1.50	3.00	3.00
10,000 and over	4.00		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

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	51.3	8.5	65.4	4.8
1995-96	54.5	6.2	66.8	2.2
1996-97	56.3	3.3	68.1	1.9
1997-98	107.4	90.7	130.2	91.2
1998-99 ^(a)	108.3	0.9	129.0	-0.9
1999-00	103.2	-4.7	120.2	-6.9
2000-01	99.8	-3.3	110.2	-8.3
2001-02	96.4	-3.4	103.6	-5.9
2002-03	95.3	-1.1	99.7	-3.8
2003-04	97.1	1.9	99.5	-0.2
2004-05 ^(b)	96.0	-1.1	96.0	-3.5

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate.

Stamp Duty on Insurance Policies

Stamp duty on insurance policies is paid by insurers. The duty is based on the value of the insurance premium. It is collected under the *Stamp Act 1921*, which is administered by the Office of State Revenue.

Rate of Tax

Type of Insurance	Rate of Duty
General and Compulsory Third Party insurance	10% of premium

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, workers' compensation insurance and life insurance are also exempt.

Interstate Comparison

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
% of Premiums:								
General	10.0	5.0	10.0	7.5	11.0	8.0	10.0	10.0
Workers' Comp	Nil	Nil	Nil	5.0	Nil	Nil	Nil	Nil
Life Insurance	Nil	\$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 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, and was further increased to 10% from 1 July 2003.

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 were exempt from pay-roll tax (at the time workers' compensation insurance was abolished – see below - the pay-roll tax exemption threshold was \$750,000). The 5% rate remained unchanged for other employers.

The nominal amount of stamp duty (25 cents per policy) for motor vehicle compulsory third party insurance policies was replaced by an ad valorem rate of 8% of the premium from 1 July 2002. The ad valorem rate was increased to 10% from 1 July 2003.

As part of the reform of State business taxes, stamp duty on workers' compensation insurance and life insurance policies was abolished from 1 July 2004.

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

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	62.5	5.9	79.6	2.4
1995-96	68.4	9.4	83.9	5.3
1996-97	70.4	3.0	85.2	1.6
1997-98	73.6	4.5	89.3	4.8
1998-99 ^(a)	110.0	49.4	131.1	46.8
1999-00	139.3	26.6	162.2	23.8
2000-01	155.9	11.9	172.1	6.1
2001-02	176.2	13.0	189.4	10.0
2002-03	220.2	25.0	230.4	21.6
2003-04	278.7	26.5	285.7	24.0
2004-05 ^(b)	255.8	-8.2	255.8	-10.5

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS 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 1921*, which is administered by the Office of State Revenue.

Rate of Duty

\$0.40 per \$100 of loan amount, except for loans for owner-occupied residences where \$0.25 per \$100 applies.

The mortgage duty does not apply to unsecured and non-lending financial arrangements.

Exemptions and Concessions

Universities and charities.

Interstate Comparison

MORTGAGE DUTY RATES ON AMOUNTS SECURED							
WA	NSW^(a)	VIC	QLD^(b)	SA^(c)	TAS^(d)	NT	ACT
Minimum duty \$20	\$5 up to \$16,000	Duty abolished 1 July 2004	\$0.40 per \$100	Nil below \$400	\$20 below \$8,000	Nil	Duty abolished 1 September 2004
\$0.25 per \$100 for owner-occupied home loans	\$0.40 per \$100 above \$16,000			\$10 up to \$6,000	\$0.25 per \$100 between \$8,000 and \$10,000		
\$0.40 per \$100 for other loans				\$0.45 (business)/ \$0.35 (home) per \$100 above \$6,000	\$0.35 per \$100 above \$10,000		

^(a) 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.

^(b) First \$250,000 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.

^(c) First home loan is exempt from duty.

^(d) Loan refinancings are exempt from duty.

MORTGAGE DUTY PAYABLE ON SELECTED AMOUNTS BORROWED (\$)

Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
20,000	80	21	Nil	80	73	60	Nil	Nil
50,000	200	141		200	208	165		
100,000	400	341		400	433	340		
250,000	1,000	941		1,000	1,108	865		
500,000	2,000	1,941		2,000	2,233	1,740		
1,000,000	4,000	3,941		4,000	4,483	3,490		

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 the 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).

From 1 January 2004, a single rate of mortgage duty of \$0.40 per \$100 applied to the whole amount secured, except for loans for owner-occupied residences which remain at \$0.25 per \$100.

Changes to Concessions since 1982

Nil.

Stamp Duty Collections from Mortgages

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	54.4	10.9	69.4	7.2
1995-96	51.1	-6.2	62.6	-9.7
1996-97	55.5	8.7	67.1	7.2
1997-98	72.9	31.4	88.5	31.8
1998-99 ^(a)	61.3	-16.0	73.0	-17.4
1999-00	68.2	11.3	79.4	8.7
2000-01	74.7	9.5	82.5	3.9
2001-02	85.2	14.1	91.6	11.1
2002-03	95.6	12.2	100.0	9.2
2003-04	114.9	20.2	117.8	17.8
2004-05 ^(b)	121.3	5.6	121.3	3.0

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate.

Gambling Taxes

Lotteries Commission

The Lotteries Commission raises money through sales of Lotto, Soccer Pools, Cash3 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*.

On a Government Finance Statistics basis, taxation revenue for this item does not include revenue retained by the Commission and is net of GST rebate arrangements.

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, where the Commission directly pays a fee of 8% to the retailers. In all other States, retailers' fees are added on to the price of all tickets, and hence paid directly by consumers.

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

WA	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.
NSW	Tax is based on 66.1% of player loss (i.e. subscriptions less outgoings for the public lottery).
VIC	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.
QLD	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 is provided.
SA	Lotto, Powerball, Super 66 and instant scratchies: 41% of net gambling revenue (i.e. player loss) plus remaining surplus hypothecated to the Hospitals Fund. Sports and special lotteries: 41% of net gambling revenue plus distributable surplus hypothecated to the Recreation and Sport Fund.
TAS	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.
NT	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.
ACT	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.

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

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	71.1	31.4	90.6	27.0
1995-96	78.6	10.5	96.4	6.4
1996-97	84.2	7.1	101.8	5.7
1997-98	79.1	-6.0	95.9	-5.8
1998-99 ^(a)	84.9	7.3	101.2	5.5
1999-00	86.4	1.8	100.6	-0.6
2000-01	73.9	-14.5	81.6	-18.9
2001-02	71.5	-3.2	76.9	-5.8
2002-03	74.9	4.7	78.3	1.9
2003-04	75.3	0.6	77.2	-1.4
2004-05 ^(b)	75.3	0.0	75.3	-2.4

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate.

GST Re-imburements

As part of the 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/re-imburement to gambling operators of their GST liability. This is the approach adopted in Western Australia.

In regard to the Lotteries Commission, the re-imburement to the Lotteries Commission was about \$15.4 million in 2000-01 (the first year) increasing to about \$20.2 million in 2003-04. The revenue in the above table is net of these GST re-imburements.

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 1985* and the *Casino Control Act 1984*.

On a Government Finance Statistics basis, taxation revenue for this item is net of GST rebate arrangements.

Rate of Tax

Casino tax is being levied at the following rates from the specified dates:

Category	Rate of Duty		
	From 24 Dec 2003	From 24 Dec 2004	From 24 Dec 2006
Electronic gaming machines	18%	20%	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. An annual licence fee of approximately \$2.04 million is also 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

Nil.

Interstate Comparison

CASINO TAX RATES	
WA	From 24 December 2004: 20% of electronic gaming machine gross revenue, 17% of table games (including keno) gross revenue and 12% of international commission business gross revenue. Plus 1% levy (or \$1m, whichever is the greater) for the upkeep of Burswood Park.
NSW	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 \$271m p.a. at 1% for each \$6.8m 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.
VIC	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 12.25% on gross revenue over \$380m (CPI adjusted). 1% community benefit levy.
QLD	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.

SA	0.91% of net table gambling revenue (i.e. player loss) plus 34.41% of net gaming machine revenue.
TAS	5.88% of gross profit on Keno and 0.88% of gross profit on table gaming. 20.88% of first \$35m of gross profit on gaming machines and 25.88% on gross revenue in excess of \$35m.
NT	8% for Lasseters Casino, 22.5% of gross profit for poker machines, 12% of gross profit for general games for Skycity Darwin Casino and 4% for international sourced bets on internet casino.
ACT	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

WA	One-off payment of \$20.6m for the security of the licence. \$2.06m p.a. payable in four instalments in advance, indexed annually.
NSW	A one-off non-refundable payment of \$256m.
VIC	\$358.4m fully paid.
QLD	\$160,700 per quarter, indexed.
SA	Nil.
TAS	\$112,507 per month, indexed annually.
NT	Nil.
ACT	\$674,831 p.a., indexed annually.

Changes to the Tax Rate or Concessions since 1982

Prior to 24 December 2002, casino tax was 15% of casino gross revenue.

From 24 December 2002, the single casino tax was replaced with a three tier scale with different rates applying to international gaming, domestic table gaming and gaming machines (see page 19).

Casino Tax Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	58.9	14.3	75.0	10.4
1995-96	65.2	10.7	79.9	6.5
1996-97	59.1	-9.3	71.5	-10.5
1997-98	54.8	-7.2	66.5	-7.0
1998-99 ^(a)	47.7	-13.0	56.8	-14.5
1999-00	43.3	-9.2	50.4	-11.3
2000-01	18.6	-57.0	20.5	-59.3
2001-02	16.2	-12.9	17.4	-15.2
2002-03	16.5	1.6	17.2	-1.1
2003-04	22.4	36.4	23.0	33.6
2004-05 ^(b)	20.2	-10.0	20.2	-12.2

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate.

GST Re-imburements

As part of the national tax reform, the States agreed to adjust their gambling tax arrangements from 1 July 2000 to 'make room' for the GST. In regard to casino tax, a rebate of \$26.1 million was paid in 2003-04 to the operators to compensate for their GST liability. The revenue in the above table is net of these GST re-imburements.

Betting Taxes

Betting taxes comprise the Racing and Wagering Western Australia³ (RWWA) Wagering Tax and the Bookmakers' Betting Levy.

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

The RWWA Wagering Tax is collected by the Office of State Revenue under the *Racing and Wagering Western Australia Act 2003* and the *Racing and Wagering Western Australia Tax Act 2003*. The Bookmakers' Betting Levy is collected under the *Bookmakers Betting Levy Act 1954*.

On a Government Finance Statistics basis, the revenue from RWWA Wagering Tax is net of GST rebate arrangements.

Rate of Tax

The RWWA Wagering 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 RWWA.

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.

³ RWWA was established on 1 August 2003 as the single controlling authority for thoroughbred, harness and greyhound racing. The TAB was abolished on 30 January 2004 as a legal entity and RWWA assumed responsibility for the conduct of off-course wagering. The TAB brand remains for off-course wagering.

Interstate Comparison

CURRENT TAX RATES % (REVENUE PAID TO GOVERNMENT)								
	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
Betting Tax								
— 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)
Totalisator Duty								
— 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 1 August 2000.

^(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

Prior to the establishment of RWWA, betting taxes comprised of the Totalisator Agency Board (TAB) betting tax and the Bookmakers' Betting Levy.

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 one 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.

Betting Tax Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	37.0	7.7	47.2	4.0
1995-96	39.2	5.9	48.1	1.9
1996-97	34.0	-13.3	41.1	-14.5
1997-98	36.3	6.7	44.0	7.0
1998-99 ^(a)	38.8	6.9	46.2	5.0
1999-00	39.9	2.8	46.5	0.5
2000-01	27.9	-30.1	30.8	-33.7
2001-02	24.8	-11.1	26.7	-13.4
2002-03	26.9	8.5	28.1	5.6
2003-04	34.0	26.4	34.9	23.9
2004-05 ^(b)	29.6	-13.0	29.6	-15.1

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate.

GST Re-imbursments

As part of the national tax reform, the States agreed to adjust their gambling tax arrangements from 1 July 2000 to 'make room' for the GST. The GST re-imbursment for the TAB amounted to \$16.4 million in 2003-04. The revenue in the above table is net of these GST re-imbursments.

Motor Vehicles

Stamp Duty on Motor Vehicle Licences

The stamp duty on a motor vehicle licence transfers (or the grant of a new licence) is paid by the vehicle purchaser. The duty is collected by the Licensing Division of the Department for Planning and Infrastructure on behalf of the Office of State Revenue. The relevant pieces of legislation are the *Stamp Act 1921* and the *Road Traffic Act 1974*, 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% ^(a)
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% ^(a)
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 1974* (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)^(a)

WA	NSW	VIC	QLD	SA	TAS	NT	ACT
As Above	\$3 per \$100	New: Passenger: \$0– \$35,000: \$5 per \$200 \$35,000 – \$45,000: \$8 per \$200 Over \$45,000: \$10 per \$200 Non-passenger: \$5 per \$200 Used: \$8 per \$200	\$2 per \$100	\$0–\$1,000: \$1 per \$100 \$1,001 – \$2,000: \$10 + \$2 per \$100 Commercial: Over \$2,000: \$30 + \$3 per \$100 Private: \$2,001 – \$3,000: \$30 + \$3 per \$100 Over \$3,000: \$60 + \$4 per \$100	Under \$600: \$20 Over \$600: \$3 per \$100 Passenger Vehicles: Under \$35,000: Same as above \$35,000 – \$40,000: \$1,050+ \$11 per \$100 in excess of \$35,000 Over \$40,000: \$4 per \$100	\$3 per \$100	\$3 per \$100 Passenger Vehicles: Under \$45,000: \$3 per \$100 Over \$45,000: \$1,350 plus \$5 per \$100

^(a) 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 VEHICLES

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	2,925	1,350	1,800	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

AVERAGE TAX RATES									
Vehicle Value	WA	NSW	VIC		QLD	SA		TAS	
	Non-Heavy		New	Used		Commercial	Other	Passenger	Other
\$	%	%	%	%	%	%	%	%	%
5,000	2.75	3.00	2.50	4.00	2.00	2.40	2.80	3.00	3.00
10,000	2.75	3.00	2.50	4.00	2.00	2.70	3.40	3.00	3.00
20,000	3.50	3.00	2.50	4.00	2.00	2.85	3.70	3.00	3.00
30,000	5.00	3.00	2.50	4.00	2.00	2.90	3.80	3.00	3.00
45,000	6.50	3.00	4.00	4.00	2.00	2.93	3.87	4.00	3.00
60,000	6.50	3.50	5.00	4.00	2.00	2.95	3.90	4.00	3.00
80,000	6.50	3.88	5.00	4.00	2.00	2.96	3.93	4.00	3.00

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 the 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 rates of stamp duty were changed to the current three scales (one for new heavy vehicles, one for used heavy vehicles and one for other vehicles as shown above). The scale for other vehicles (which includes light vehicles) involved a higher minimum rate (2.75%) and maximum rate (6.5%).

Stamp Duty Collections from Motor Vehicle Licence Transfers

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	117.9	11.7	150.2	8.0
1995-96	124.6	5.7	152.8	1.7
1996-97	131.7	5.7	159.3	4.3
1997-98	139.2	5.6	168.8	5.9
1998-99 ^(a)	138.0	-0.8	164.4	-2.6
1999-00	160.2	16.1	186.5	13.4
2000-01	161.1	0.6	177.9	-4.6
2001-02	180.7	12.2	194.3	9.2
2002-03	231.7	28.2	242.3	24.7
2003-04	273.0	17.9	279.9	15.5
2004-05 ^(b)	258.5	-5.3	258.5	-7.6

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS 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 twelve months.

The registration fees consist of a motor vehicle licence fee, compulsory third party insurance premium and recording fee (see section on 'Other Taxes, Fees and Levies' for details on recording fees). These registration fees are collected by the Licensing Division of the Department for Planning and Infrastructure under the *Road Traffic Act 1974*.

Current Licence Fees

For light vehicles (gross weight of less than 4.5 tonnes), the licence fee component of the registration fees is currently \$13.93 per 100 kg of tare weight. The example in the table below indicates the licence fees payable on a 6-cylinder Holden Commodore (on the basis of 1,524 kg tare weight) for either family or business use. The difference of \$28 is due to a discount for family vehicles.

	Family Use \$ per annum	Business Use \$ per annum
Holden Commodore	194.90	222.90

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.

Holders of a Pensioner Concession Card and seniors who hold **both** a State Seniors Card and Commonwealth Seniors Health Card receive a 50% exemption.

A flat annual 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:

MOTOR VEHICLE LICENCE FEES^(a)								
	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.
Holden Commodore								
Family Use	194.90	299.00	160.50	295.00	167.00	190.40	152.00	329.00
Business Use	222.90	480.00	160.50	295.00	167.00	190.40	152.00	510.00

^(a) 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%.

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

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
2003	194.90	222.90
2004	194.90	222.90

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

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	99.5	3.3	126.8	-0.2
1995-96	102.5	3.0	125.7	-0.9
1996-97	113.2	10.3	136.9	8.9
1997-98	138.8	22.7	168.4	23.0
1998-99 ^(a)	239.6	72.6	285.5	69.5
1999-00	227.9	-4.9	265.3	-7.1
2000-01	253.8	11.4	280.2	5.6
2001-02	272.1	7.2	292.5	4.4
2002-03	298.6	9.7	312.3	6.8
2003-04	320.3	7.3	328.3	5.1
2004-05 ^(b)	317.0	-1.0	317.0	-3.4

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS 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 1921*, which is administered by the Office of State Revenue.

Rate of Tax

The following scale applies from 28 October 2004:

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 \$4.00 per \$100 above \$100,000
\$250,001 to \$500,000	\$8,200 and \$5.00 per \$100 above \$250,000
Above \$500,000	\$20,700 and \$5.40 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 \$200,000.

First home buyers whose purchases are below \$250,000 are exempt from stamp duty and the exemption phases out between \$250,000 and \$350,000. First home land purchases below \$150,000 are also exempt from stamp duty, with the exemption phasing out between \$150,000 at \$200,000.

Interstate Comparison

CONVEYANCE DUTY SCALES

	WA	NSW	VIC	QLD	SA	TAS	NT ^(a)	ACT
Min Rate (%)	2.0	1.25	1.4	1.5	1.0	1.5 ^(b)	2.1	2.00
Min Threshold (\$'000)	0	0	0	0	0	1.3	0	0
Max Rate (%)	5.4	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:

CONVEYANCE DUTY PAYABLE ON SELECTED PROPERTY 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	4,200	3,740	4,660	3,975	4,830	3,925	4,613	3,750
250	8,200	7,240	10,660	7,225	8,955	7,550	9,313	7,500
500	20,700	17,990	25,660	15,975	21,330	17,550	26,750	20,500
1,000	47,700	40,490	55,000	34,725	48,830	37,550	54,000	49,250
5,000	263,700	260,490	275,000	184,725	268,830	197,550	270,000	319,250

Note: The above table does not include New South Wales' vendor duty levied on sellers of investment property.

AVERAGE TAX RATES

Property Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
\$'000	%	%	%	%	%	%	%	%
50	2.00	1.53	2.00	1.95	2.16	2.10	2.43	2.00
100	2.20	1.99	2.20	2.35	2.83	2.43	2.75	2.00
150	2.80	2.49	3.11	2.65	3.22	2.62	3.08	2.50
250	3.28	2.90	4.26	2.89	3.58	3.02	3.73	3.00
500	4.14	3.60	5.13	3.20	4.27	3.51	5.35	4.10
1,000	4.77	4.05	5.50	3.47	4.88	3.76	5.40	4.93
5,000	5.27	5.21	5.50	3.69	5.38	3.95	5.40	6.39

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

WA	<p>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 \$200,000. First home buyers whose purchases are below \$250,000, are exempt from conveyance duty, with the exemption phasing out at \$350,000. First home land purchases below \$150,000 are also exempt from conveyance duty, with the exemption phasing out at \$200,000.</p> <p>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.</p>
NSW	<p>First home buyers receive a total exemption from conveyance duty and mortgage duty for metropolitan property values up to \$500,000, with the exemption phasing out at \$600,000.</p> <p>For vacant land, the threshold value for full duty exemption is \$300,000, with partial exemption applying up to \$450,000.</p>
VIC	<p>A First Home Bonus of \$5,000 is available to first home buyers for purchases made between 1 May 2004 and 1 July 2005, and where the value of the purchase is no more than \$500,000. During this period, the existing stamp duty rebates for first home buyers with families are temporarily suspended.</p> <p>A full pensioner conveyance duty exemption applies to properties up to \$250,000. The exemption reduces from \$250,000 and phases out at \$350,000. Applicants must be holders of Commonwealth concession cards.</p> <p>Victoria abolished mortgage duty from 1 July 2004.</p>
QLD	<p>No conveyance duty or mortgage duty applies to the first home purchase valued up to \$250,000. A \$2,500 first home rebate applies above \$250,000, reducing \$100 for every \$10,000 above \$250,000.</p> <p>Home buyers not purchasing their first home receive a principal place of residence concessional rate of duty of 1% for the first \$300,000 of the value of the home, with the normal marginal rate applying to the amount above \$300,000.</p>
SA	<p>For first home buyers, a full exemption applies for a home valued at \$80,000 or under, reducing to 50% concession for properties valued between \$100,000 and \$150,000. The concession reduces from \$2,415 to \$15 at \$250,000.</p> <p>A lower rate of mortgage duty applies to owner-occupiers (35c/\$100 instead of 45c/\$100).</p>
TAS	<p>Conveyance duty relief of up to \$4,000 for first home buyers purchasing a property up to the value of \$350,000. No concession applies for properties above \$350,000. This relief will be available from 20 May 2004 and 30 June 2005.</p>
NT	<p>All first home buyers receive a duty concession on the first \$125,000 of the value of a home purchase (regardless of value). For a principal place of residence, duty is reduced by a maximum of \$1,500.</p> <p>There is no mortgage duty in the Northern Territory.</p>
ACT	<p>A nominal \$20 duty applies to eligible home buyers for properties up to \$282,500. The concession phases out at \$386,000. There is a household income test of \$100,000 per annum, with allowance for children of \$3,300 per child.</p> <p>For vacant land, the threshold value is \$122,000 with the exemptions phasing out between \$122,000 and \$185,000.</p> <p>Prior to 1 January 2005, the threshold for homes was \$273,000 phasing out at \$375,000. For vacant land, the threshold value was \$107,000 phasing out at \$158,000.</p>

Changes to the Rate Scale since 1982

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

MARGINAL TAX						
Value \$'000	From 1 Nov 1983	From 1 July 1998	From 1 July 2002	From 1 July 2003	From 1 July 2004	From 28 Oct 2004
Less than 80	1.75	1.95	2.00	2.30	2.20	2.00
80 – 100	2.50	2.85	3.00	3.45	3.30	3.00
100 – 250	3.25	3.70	4.15	4.75	4.50	4.00
250 – 500	4.00	4.55	5.15	5.90	5.60	5.00
Above 500	4.25	4.85	5.50	6.30	6.00	5.40

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 1991-92.

The \$500 stamp duty rebate for first home owners 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.

From 1 July 1998, 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). From 1 January 2004, the value limits were again increased from \$135,000 to \$185,000 and from \$202,500 to \$277,500 (for properties north of the 26th parallel).

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. On 1 July 2004 the phase out value was extended to \$200,000.

The stamp duty exemption for corporate reconstructions was introduced on 1 October 1996. From 1 January 2004, the scope of the corporate reconstruction provisions were broadened to include the transfer of motor vehicle licences and direct property transfers between certain subsidiaries of holding companies.

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.

On 1 July 2004, the \$500 stamp duty rebate for first home owners was replaced with a stamp duty exemption for purchases of homes below \$220,000, with this exemption phasing out between \$220,000 and \$300,000. For vacant land, the

exemption applied to purchases below \$100,000, phasing out at \$150,000. This exemption was extended on 28 October 2004 to \$250,000 for first home purchases, (phasing out at \$350,000) and \$150,000 for vacant land (phasing out at \$200,000).

Stamp Duty Collections from Conveyances

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	294.6	-3.8	375.3	-7.1
1995-96	303.7	3.1	372.4	-0.8
1996-97	313.4	3.2	379.1	1.8
1997-98	488.9	56.0	592.9	56.4
1998-99 ^(a)	438.6	-10.3	522.6	-11.9
1999-00	516.6	17.8	601.5	15.1
2000-01	549.2	6.3	606.4	0.8
2001-02	647.4	17.9	696.0	14.8
2002-03	833.3	28.7	871.6	25.2
2003-04	1,207.2	44.9	1,237.4	42.0
2004-05 ^(b)	1,047.1	-13.3	1,047.1	-15.4

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate. Includes part-year impact of reductions in stamp duty rates.

Land Tax

Land tax in Western Australia is levied upon the aggregated 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 2002* and *Land Tax Act 2002*, which is administered by the Office of State Revenue.

Rate of Tax

LAND TAX SCALE FOR 2004-05	
Unimproved Value of Land \$'000	Land Tax Payable
Less than 100	Nil
100 – 220	\$150+0.15 cents per \$1 above \$100,000
220 – 570	\$330+0.45 cents per \$1 above \$220,000
570 – 2,000	\$1,905+1.76 cents per \$1 above \$570,000
2,000 – 5,000	\$27,073+2.30 cents per \$1 above \$2,000,000
Over 5,000	\$96,073+2.50 cents 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.

From 1 July 2004, land held under an approved conservation covenant is exempt from land tax.

Interstate Comparisons

LAND TAX SCALES

	WA	NSW	VIC	QLD	SA ^(a)	TAS	NT	ACT
Min Threshold	\$100,000	\$0	\$175,000	\$275,997	\$50,000	\$15,000	Not Levied	\$0
Max Threshold	\$5,000,000	\$317,000	\$2,700,000	\$1,500,000	\$1,000,000	\$500,000		\$225,000
Min Tax Rate	0.15%	0.40%	0.10%	0.20%	0.35%	0.55%		1.00%
Max Tax Rate	2.50%	1.40%	4.00%	1.80%	3.70%	2.50%		1.70%

LAND TAX PAYABLE

Land Value \$	WA \$	NSW \$	VIC \$	QLD \$	SA \$	TAS \$	NT \$	ACT \$
20,000	–	–	–	–	–	53	Not Levied	200
50,000	–	200	–	–	–	218		500
100,000	150	400	–	–	175	493		1,000
150,000	225	600	–	–	350	1,118		1,600
200,000	300	800	200	–	525	1,743		2,300
500,000	1,590	2,200	800	2,427	4,175	8,493		7,325
1,000,000	9,473	9,200	5,755	8,741	12,425	20,993		15,825
5,000,000	96,073	65,200	145,905	73,134	160,425	120,993		83,825

AVERAGE TAX RATES

Land Value \$	WA %	NSW %	VIC %	QLD %	SA %	TAS %	NT %	ACT %
20,000	–	–	–	–	–	0.26	Not Levied	1.00
50,000	–	0.40	–	–	–	0.44		1.00
100,000	0.15	0.40	–	–	0.18	0.49		1.00
150,000	0.15	0.40	–	–	0.23	0.75		1.07
200,000	0.15	0.40	0.10	–	0.26	0.87		1.15
500,000	0.32	0.44	0.16	0.49	0.84	1.70		1.47
1,000,000	0.95	0.92	0.58	0.87	1.24	2.10		1.58
5,000,000	1.92	1.30	2.92	1.46	3.21	2.42		1.68

(a) The South Australian Government announced in February 2005 that a new land tax scale will apply fully in 2005-06. The new scale will increase the exemption threshold from \$50,000 to \$100,000, and reduce the minimum tax rate from 0.35% to 0.30%. A related partial rebate paid to land holders in 2004-05 is not taken into account in these tables.

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.

In 2003-04, as part of the Review of State Business Taxes, the number of tiers in the land tax scale was reduced from ten to six, without changing the minimum and maximum thresholds (\$50,000 and \$5 million respectively). The minimum and maximum tax rates were also unchanged.

In 2004-05, the exemption threshold was increased from \$50,000 to \$100,000, the second threshold increased from \$190,000 to \$220,000, and the third threshold from \$550,000 to \$570,000.

From 1 July 2005, land tax will be levied on the portion of the aggregate taxable value of land above the exemption threshold (currently at \$100,000), rather than on the total value once the exemption threshold is reached.

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 a 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.

In 1996, a concession was introduced for land developers by applying the land tax scale to the 'en globo' (un-subdivided) value of property.

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.

The land developers' concession was removed from 2003-04 land tax year, as part of the reform of State taxes.

From 1 July 2004, land held under an approved conservation covenant is exempt from land tax.

Land Tax Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	137.1	11.6	174.7	7.8
1995-96	158.6	15.6	194.4	11.3
1996-97	165.3	4.3	200.0	2.9
1997-98	170.6	3.2	206.9	3.4
1998-99 ^(a)	178.4	4.6	212.6	2.7
1999-00	195.5	9.6	227.6	7.1
2000-01	220.7	12.9	243.7	7.1
2001-02	225.7	2.3	242.6	-0.4
2002-03	259.6	15.0	271.5	11.9
2003-04	279.7	7.7	286.7	5.6
2004-05 ^(b)	309.7	10.7	309.7	8.0

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS 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. MRIT is collected under the *Metropolitan Region Improvement Tax Act 1959*, which is administered by the Office of State Revenue.

Rate of Tax

0.15% of unimproved land value (on the total land value, once the \$100,000 exemption threshold is exceeded).

Exemptions and Concessions

As for land tax except that from 1 July 2005, land tax will only apply to the portion of land value that exceeds the exemption threshold.

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

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2004-05 Dollars \$m	Change (Real) %
1994-95	19.8	14.0	25.3	10.1
1995-96	23.4	18.3	28.7	13.8
1996-97	25.5	8.8	30.8	7.3
1997-98	26.7	4.6	32.4	4.9
1998-99 ^(a)	29.5	10.5	35.1	8.6
1999-00	31.5	6.8	36.7	4.3
2000-01	36.1	14.6	39.9	8.7
2001-02	37.8	4.7	40.6	2.0
2002-03	38.9	2.9	40.7	0.1
2003-04	43.6	12.1	44.7	9.9
2004-05 ^(b)	47.5	8.9	47.5	6.2

^(a) Revenue on accrual basis from 1998-99 onwards. Previous data are on a cash basis.

^(b) PFPS estimate.

Other Taxes, Fees and Levies

Stamp Duty on Leases

Stamp duty on leases was abolished from 1 January 2004. It was levied on lease agreements relating to real property. The duty was applied to the rent value stated in the lease agreement.

For a fixed term lease agreement, the rate of duty was 35 cents per \$100 of the total rent payable for the term (this rate applies to a minimum of one year's rent even when the lease is less than a year). For a lease with an indefinite term, the rate of duty was 70 cents per \$100 of one year's rent (irrespective of the eventual duration of the rental period).

Stamp Duty on Cheques

Stamp duty on cheques was a fixed amount of 10 cents per eligible instrument (a payment order, a bill of exchange or a promissory note). This duty was also abolished from 1 January 2004.

Stamp Duty on Unquoted Marketable Securities

Stamp duty was payable on the transfer of marketable securities in private companies and trusts, and in public companies and trusts where securities are not quoted on the Australian Stock Exchange (ASX) or another recognised stock exchange. This duty was abolished from 1 January 2004 (stamp duty on quoted marketable securities was abolished on 1 July 2001). The rate of duty was 60 cents per \$100 for unquoted securities, payable by the purchaser.

Motor Vehicle Recording Fees

The recording fee is collected to recover the costs incurred by the Department for Planning and Infrastructure for the printing and posting of the renewal notice, the processing of the payment, the printing and postage of a receipt and registration sticker and for maintaining the computer database.

From 1 February 2005, the recording fee has been adjusted down to \$9.60 per renewal (regardless of vehicle type). It is expected to raise about \$37 million in 2004-05 (down from \$45 million in 2003-04).

Emergency Services Levy

The Emergency Services Levy (ESL) was introduced from 1 July 2003 as a new funding arrangement for the State's fire and emergency services.

The ESL replaced the previous arrangements under which the cost of permanent fire services was funded by a fire brigade levy paid by insurance companies (75%), local government (12.5%) and the State (12.5%).

The new levy is collected by the local government authorities on behalf of the Fire and Emergency Services Authority (FESA) from property owners. The revenue is dedicated to fund a range of services, including Career Fire and Rescue Service, Volunteer Fire and Rescue Service, Local Government's Bush Fire Brigades, State Emergency Service, and Multi-service FESA Units.

The levy is based on the property's gross rental value and the levy rate varies according to regions. The levy is expected to raise about \$118 million in 2004-05.

Loan Guarantee Fees

The Western Australian Treasury Corporation (WATC) collects Loan Guarantee Fees (LGF) from agencies on behalf of the Treasurer in respect of monies lent to agencies by the WATC. The Treasurer charges the agencies the LGF for providing an explicit government guarantee on liabilities incurred by WATC in raising loan funds for agencies. The current scale of LGF is as follows:

- 20 basis points (bps) per annum for borrowings by agencies through the WATC, including long-term borrowings by Western Power;
- 10 bps per annum for local government borrowers (short and long-term);
- 10 bps per annum for short-term offshore funding of Western Power; and
- 5 bps per annum for short-term domestic funding of Western Power.

The revenue from Loan Guarantee Fees is estimated to be around \$11 million in 2004-05.

Appendix 1

A Summary of Tax Changes in 2004-05 in all States and Territories

The following is a summary of the major tax changes announced in 2004-05 State Budgets or Economic Statements.

Western Australia

Land Tax

Increased the exemption threshold from \$50,000 to \$100,000, the second threshold from \$190,000 to \$220,000, and the third threshold from \$550,000 to \$570,000, at an estimated cost of \$17 million in 2004-05.

Introduced a land tax exemption for land under an approved conservation covenant. The cost of this concession is minimal.

From 1 July 2005, land tax will only be levied on the portion of aggregate taxable value of land above the exemption threshold (currently \$100,000), rather than on the total land value once the exemption threshold is reached.

Stamp Duty on Property Transfers

All marginal rates of stamp duty on conveyances were reduced by 5% across the rate scale from 1 July 2004. This measure was estimated to cost \$47 million in 2004-05.

Introduced an exemption from conveyance duty for first home purchases of homes up to \$220,000, with the exemption phasing out at \$300,000; and for purchases of vacant land up to \$100,000, phasing out at \$150,000, at an estimated cost of \$45 million in 2004-05.

Extended the concessional scale for purchases of homes by owner occupiers and small businesses, at an estimated cost of \$3 million in 2004-05.

On 29 October 2004, all marginal rates of stamp duty on conveyances were reduced by 10% across the rate scale. This measure was estimated to cost \$52 million in 2004-05.

The maximum value threshold for the conveyance duty exemption for first home buyers was extended to \$250,000 for homes, phasing out at \$300,000, and to \$150,000 for vacant land, phasing out at \$200,000. These measures also came into effect on 29 October 2004 and are estimated to cost \$6 million in 2004-05.

Pay-roll Tax

From 1 January 2005, the pay-roll tax rate was reduced to 5.5% from 6%. Additionally, from 1 January 2005, businesses with an annual tax liability below \$20,000 can elect to pay their pay-roll tax on an annual basis (instead of on a monthly basis). These measures are estimated to cost \$57 million in 2004-05.

New South Wales

Stamp Duty on Property Transfers

The stamp duty exemption for first home buyers was extended to homes of up to \$500,000, with a phase out of benefit between \$500,000 and \$600,000.

First home buyers purchasing residential land are exempt from conveyance duty on land valued up to \$300,000, with a phase out of benefit on land valued between \$300,000 and \$450,000.

Both measures were effective from 3 April 2004.

Vendor Transfer Duty

Introduced Vendor Transfer Duty of 2.5%, effective from 1 June 2004. The duty applies to consideration on the sale of property (excluding principal places of residence and farms). An exemption applies where the sale price does not exceed the purchase price by more than 12%, with the exemption phasing out between 12% and 15%.

There will also be an exemption for the first sale by builders or developers of new dwellings.

Land Tax

The land tax threshold will be abolished for the 2005 land tax year. The current single marginal tax rate will be replaced by a three-tiered marginal rate scale (0.4% up to \$400,000, \$1,600 plus 0.6% for excess between \$400,000 and \$500,000, and \$2,200 plus 1.4% for excess above \$500,000).

A deferral scheme for tax payment will be introduced for low income earners with taxable properties below \$300,000 in value that do not generate income.

Premium Property Tax

The Premium Property Tax currently applies to homes with a land value of \$1.97 million or more. This arrangement will be abolished and in future the Premium Property Tax will be applied as a marginal stamp duty rate of 7% on that part of the value of the property that exceeds \$3 million.

Victoria

Pay-roll Tax

From 1 January 2005, employment agencies are liable for pay-roll tax for their on-hired workers, rather than the clients of the agencies.

An exemption from pay-roll tax applies to wages paid in respect of workers on-hired to a client that is exempt under section 10 of the *Pay-roll Tax Act 1971*. Not-for-profit group training companies, which on-hire apprentices and trainees to host clients, will also be exempt from pay-roll tax in respect of those employees.

Conveyance Duty

First Home Bonus

First home buyers who qualify for the \$7,000 First Home Owner Grant (FHOG) are eligible for an additional \$5,000 known as the First Home Bonus.

The First Home Bonus is available for properties where the contract is entered into on or after 1 May 2004 and before 1 July 2005, and where the consideration paid under the contract is no more than \$500,000.

This measure is estimated to cost \$149 million.

Duty Relief for Concession Card Holders

The Government increased the current conveyance duty exemptions for properties purchased on or after 1 May 2004. Concession card holders are eligible for a full exemption on properties valued up to \$250,000 (current limit \$150,000) and a partial exemption on properties valued up to \$350,000 (current limit \$200,000).

Holders of Pensioner Concession Cards, Health Care Cards and Department of Veterans Affairs Gold Cards are eligible for the exemption.

The additional relief is estimated to cost \$22 million a year.

Base Protection Measures

Introduced enhanced base protection measures to require taxpayers to provide the Commissioner of State Revenue with an independent valuation of dutiable property when a dutiable transaction involving the simultaneous sale of a business takes place. Also, land rich tests will be made comparable with typical provisions in other States.

Land Tax

The top rate for land tax is reduced from 5.00% to 4.00% in 2004-05 at an estimated cost of \$124 million. The top rate will be further reduced to 3.75% in 2005-06, 3.50% in 2006-07, 3.25% in 2007-08 and 3.00% in 2008-09.

From 1 January 2005 caravan parks are exempt from land tax.

Metropolitan Parks Charge

The Metropolitan Parks Charge on residential and commercial properties in greater Melbourne will be adjusted with the movement in the inflation rate from 1 July 2004, and the minimum charge will be increased from \$46.70 to \$50.00 a year for 2004-05. This measure is expected to raise \$5.2 million in 2004-05.

Motor Vehicle Registration Fees

Currently, pensioner, health care and DVA gold cardholders (TPI) receive a 100% concession on their motor vehicle registration fee. From 1 July 2004, this concession was reduced to 50% of the registration fee. This measure is expected to raise \$64.0 million in 2004-05.

Abolition of Mortgage Duty

Mortgage duty was abolished from 1 July 2004. Victoria is the only State to abolish this duty.

Abolition of Debits Tax

Debits tax will be abolished from 1 July 2005.

Queensland

Conveyance Duty

Concessions for first home buyers

From 1 May 2004, no conveyance or mortgage duty is payable on the purchase of a first home valued up to \$250,000. This measure is expected to cost \$32.7 million in 2004-05.

A \$2,500 first home rebate applies above \$250,000, reducing by \$100 for every \$10,000 above \$250,000.

Principal place of residence conveyance duty concession

Home buyers not purchasing their first home currently receive a principal place of residence concessional transfer duty rate of 1% on the first \$250,000 of the value of the home. From 1 August 2004, this concession was extended, with the concessional duty rate of 1% to apply to the first \$300,000 of the value of a principal place of residence.

Normal marginal rates of conveyance duty apply above \$300,000. This measure, which came into effect from 1 August 2004, is estimated to cost \$35 million in 2004-05.

Insurance Duty Rate Reduction

From 1 August 2004, the rate of duty for class 1 general insurance was reduced from 8.5% to 7.5%, at an estimated cost of \$17.6 million in 2004-05.

Abolition of Credit Card Duty

Credit card duty was abolished from 1 August 2004, at an estimated cost of \$17.0 million in 2004-05.

Abolition of Debits Tax

Debits Tax will be abolished from 1 July 2005, at an estimated cost of \$190 million.

South Australia

Pay-roll Tax

The pay-roll tax rate was reduced from 5.67% to 5.5% from 1 July 2004, at an estimated cost of \$22 million in the first full year.

Conveyance Duty

From 27 May 2004, conveyance duty concessions for first home buyers were extended. An exemption will apply for property values up to \$80,000, reducing to 50% at \$100,000. A 50% concession will apply for values between \$100,000 and \$150,000. The concession reduces from \$2,415 at \$150,000 to \$15 at \$250,000.

This measure is estimated to cost \$10 million a year.

Mortgage Duty

From 27 May 2004, loans taken out by first home buyers were exempt from mortgage duty, at an estimated cost of \$5 million a year.

Lease and Cheque Duty

Stamp duty on leases and cheques was abolished from 1 July 2004, at a cost of \$5.5 million a year.

Debits Tax

Debits tax will be abolished from 1 July 2005, at an estimated cost of \$56 million a year.

Land Tax

On 7 February 2005, South Australia announced new land tax rates which will apply from 1 July 2005. The tax free threshold will increase from \$50,000 to \$100,000 and there will be four tax brackets between the tax free threshold and \$1,000,000 compared with the current structure of two tax brackets between the tax free threshold and \$1,000,000.

Businesses, including Bed and Breakfast operators, which are run from a principal place of residence, will be able to claim relief from land tax, in direct proportion to the area used for the business. Other measures include exempting caravan parks and residential parks from land tax and relaxing the exemption tests for land used for primary production in metropolitan areas.

These land tax measures are expected to cost \$245 million over four years.

Tasmania

Conveyance Duty

Duty relief of up to \$4,000 will be provided to first home buyers who qualify for the First Home Owners' Scheme for purchases up to the value of \$350,000. The estimated full year cost of this measure is \$8 million.

This relief will be available from 20 May 2004 to 30 June 2005.

Gambling Taxes

Minor gambling taxes (on lucky envelopes, bingo, etc) was abolished from 1 July 2004, at a cost of \$265,000 a year.

Australian Capital Territory

Pay-roll Tax

A pay-roll tax exemption will be introduced to employers for the amount of wages paid to employees for maternity, adoption and primary carer leave, with effect from 1 July 2005, at an estimated cost of \$150,000 in 2005-06.

Conveyance Duty

The First Home Buyers' Concession Scheme was updated to reflect current property prices and income levels. A nominal duty of \$20 applies to properties valued up to \$273,000, with the concession phasing out between \$273,000 and \$375,000. This measure is estimated to cost \$5 million in 2004-05.

Land Tax

The land tax rates for residential rental properties will be reduced at an estimated cost of \$5 million in 2004-05.

Northern Territory

Pay-roll Tax

The pay-roll tax exemption threshold was increased from \$600,000 to \$800,000 on 1 July 2004, costing about \$4 million in 2004-05. The threshold will be further increased to \$1 million on 1 July 2005, costing a further \$3 million a year.

HIH Levy

HIH levy was abolished on all workers' compensation policies written and renewed on or after 18 May 2004, at a cost of \$2.7 million a year.

Debits Tax

Debits tax will be abolished from 1 July 2005, at a cost of \$6 million a year.

Appendix 2

National Tax Reform and State Taxes

The Commonwealth and States are in the process of reviewing (by 2005) the need to retain the following taxes, as part of the national tax reform initiative of 2000:

- 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.

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.

However, Western Australia has abolished or committed to abolish a number of these taxes ahead of the review by the Ministerial Council (stamp duty on leases, cheques and unquoted marketable securities on 1 January 2004, and debits tax on 1 July 2005).

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/re-imbusement to gambling operators of their GST liability. This is the approach adopted in Western Australia.