



Government of **Western Australia**
Department of **Treasury and Finance**

Overview of State Taxes

Western Australia

2008-09

December 2008

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Western Australia
2008-09**

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Department of Treasury and Finance
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2008–09 Overview of State Taxes
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Contents

| | |
|---|-----------|
| Introduction | 1 |
| Summary Table | 2 |
| Business Taxes | 3 |
| Pay-roll Tax | 3 |
| Property Taxes | 7 |
| Transfer Duty | 7 |
| Land Tax | 16 |
| Metropolitan Region Improvement Tax | 23 |
| Financial Transactions Taxes | 25 |
| Insurance Duty | 25 |
| Mortgage Duty | 27 |
| Motor Vehicle Taxes and Fees | 29 |
| Vehicle Licence Duty | 29 |
| Motor Vehicle Licence and Recording Fees | 33 |
| Gambling Taxes | 37 |
| Lotteries Commission | 37 |
| Casino Tax | 39 |
| Betting Taxes | 42 |
| Other Fees and Levies | 45 |
| Emergency Services Levy | 45 |
| Loan Guarantee Fees | 45 |
| Appendix 1 | 46 |
| A Summary of Tax Changes in 2008-09 in all States and Territories | 46 |

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.

The **Summary Table** indicates the contribution of each tax to total tax revenue. The **Appendix** provides a summary of tax changes introduced by the States and Territories in the 2008-09 round of State Budgets and any major changes announced after these budgets.

This publication can be downloaded from the following internet site:

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

Revenue collections for each tax in 2007-08 reflect the actual outturn for the year. Estimates of revenue raised by each tax in 2008-09 are the estimates published in the *2008-09 Pre-election Financial Projections Statement* in August 2008.

Summary Table

| STATE TAXES IN WESTERN AUSTRALIA | | | | |
|---|----------------|----------------|--------------------------|-------------|
| | 2006-07 | 2007-08 | 2008-09 | |
| | Actual | Actual | Estimates ^(a) | As a % of |
| | \$ million | \$ million | \$ million | Total |
| BUSINESS | | | | |
| Pay-roll Tax | 1,607.3 | 1,936.3 | 2,112.2 | 33.6% |
| Hire of Goods Duty | 24.1 | 0.0 | 0.0 | 0.0% |
| PROPERTY | | | | |
| Transfer Duty | 2,037.2 | 2,243.4 | 1,807.1 | 28.7% |
| Land Tax | 385.6 | 414.6 | 562.6 | 8.9% |
| Metropolitan Region Improvement Tax | 65.0 | 76.0 | 85.8 | 1.4% |
| FINANCIAL TRANSACTIONS | | | | |
| Insurance Duty | 308.5 | 342.4 | 368.0 | 5.9% |
| Mortgage Duty | 120.5 | 108.1 | 9.7 | 0.2% |
| GAMBLING | | | | |
| Lotteries Commission | 88.0 | 95.8 | 114.2 | 1.8% |
| Casino Tax | 36.5 | 40.6 | 81.0 | 1.3% |
| TAB Betting Tax | 39.5 | 25.2 | 34.6 | 0.6% |
| MOTOR VEHICLES | | | | |
| Vehicle Licence Duty | 392.6 | 392.8 | 406.3 | 6.5% |
| Motor Vehicle Registrations | 396.4 | 434.3 | 465.3 | 7.4% |
| Motor Vehicle Recording Fee | 31.6 | 34.0 | 40.2 | 0.6% |
| OTHER | | | | |
| Emergency Services Levy | 137.4 | 149.5 | 153.7 | 2.4% |
| Loan Guarantee Fees | 14.2 | 13.6 | 22.2 | 0.4% |
| Other | 33.3 | 31.7 | 23.9 | 0.4% |
| TOTAL STATE TAXATION | 5,717.7 | 6,338.6 | 6,286.8 | 100% |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

Business Taxes

Pay-roll Tax

Pay-roll tax is generally paid monthly¹ by employers on the basis of total wages (including employer-funded superannuation benefits, fringe benefits, and eligible termination payments) paid to employees 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

| Annual Pay-roll \$ | Tax Payable |
|-------------------------------|--------------------------------------|
| 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 Businesses with an annual tax liability below \$20,000 can elect to pay their pay-roll tax on an annual basis. Additionally, as from 1 July 2006 businesses with an annual tax liability between \$20,000 and \$100,000 can elect to pay their pay-roll tax on a quarterly 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 or quarterly basis.

Interstate Comparison

PAY-ROLL TAX SCALES

| | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|-------------------------------|---|---|---|---|---|---|---|--|
| Exemption Threshold \$ | 750,000 | 623,000 | 550,000 | 1,000,000 | 552,000 | 1,010,000 | 1,250,000 | 1,500,000 |
| Max Rate % | 5.50 | 5.75 | 4.95 | 4.75 | 5.00 | 6.10 | 5.90 | 6.85 |
| Tax Scale | Marginal rate of 5.50% of pay-roll in excess of \$750,000 | Marginal rate of 5.75% of pay-roll in excess of \$623,000 | Marginal rate of 4.95% of pay-roll in excess of \$550,000 | Effective rate slides from 0 % at \$1m to 4.75% at \$5m | Marginal rate of 5.00% of pay-roll in excess of \$552,000 | Marginal rate of 6.10% of pay-roll in excess of \$1.01m | Marginal rate of 5.90% of pay-roll in excess of \$1.25m | Marginal rate of 6.85% of pay-roll in excess of \$1.5m |

TAX PAYABLE AT SELECTED PAY-ROLLS

| Annual Pay-roll \$ | WA \$ | NSW \$ | VIC \$ | QLD \$ | SA \$ | TAS \$ | NT \$ | ACT \$ |
|--------------------|-----------|-----------|---------|---------|---------|-----------|-----------|-----------|
| 700,000 | – | 4,428 | 7,425 | – | 7,400 | – | – | – |
| 1,000,000 | 13,750 | 21,678 | 22,275 | – | 22,400 | – | – | – |
| 2,000,000 | 68,750 | 79,178 | 71,775 | 59,375 | 72,400 | 60,390 | 44,250 | 34,250 |
| 3,000,000 | 123,750 | 136,678 | 121,275 | 118,750 | 122,400 | 121,390 | 103,250 | 102,750 |
| 5,000,000 | 233,750 | 251,678 | 220,275 | 237,500 | 222,400 | 243,390 | 221,250 | 239,750 |
| 10,000,000 | 508,750 | 539,178 | 467,775 | 475,000 | 472,400 | 548,390 | 516,250 | 582,250 |
| 20,000,000 | 1,058,750 | 1,114,178 | 962,775 | 950,000 | 972,400 | 1,158,390 | 1,106,250 | 1,267,250 |

AVERAGE TAX RATES

| Annual Pay-roll \$ | WA % | NSW % | VIC % | QLD % | SA % | TAS % | NT % | ACT % |
|--------------------|------|-------|-------|-------|------|-------|------|-------|
| 700,000 | – | 0.63 | 1.06 | – | 1.06 | – | – | – |
| 1,000,000 | 1.38 | 2.17 | 2.23 | – | 2.24 | – | – | – |
| 2,000,000 | 3.44 | 3.96 | 3.59 | 2.97 | 3.62 | 3.02 | 2.21 | 1.71 |
| 3,000,000 | 4.13 | 4.56 | 4.04 | 3.96 | 4.08 | 4.05 | 3.44 | 3.43 |
| 5,000,000 | 4.68 | 5.03 | 4.41 | 4.75 | 4.45 | 4.87 | 4.43 | 4.80 |
| 10,000,000 | 5.09 | 5.39 | 4.68 | 4.75 | 4.72 | 5.48 | 5.16 | 5.82 |
| 20,000,000 | 5.29 | 5.57 | 4.81 | 4.75 | 4.86 | 5.79 | 5.53 | 6.34 |

Changes to Rate Scale

**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 Jul 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 (including Concessions)

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.

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.

Subject to the re-introduction and passage of legislation, seven areas of pay-roll tax administration will be brought in line with the other jurisdictions retrospective from 1 July 2008 as part of a harmonisation program. These areas are: timing of lodgements; accommodation allowance exemptions; vehicle allowance exemptions; fringe benefits; employee share benefit schemes; services performed outside a jurisdiction; and superannuation contributions. From 1 July 2009, grouping provisions will also be harmonised with other jurisdictions.

Pay-roll Tax Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|--------------------------------|-----------------------------|---|--------------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 753.5 | 4.1 | 1,052.5 | 2.3 |
| 1999-00 | 765.7 | 1.6 | 1,045.2 | -0.7 |
| 2000-01 | 823.6 | 7.6 | 1,066.1 | 2.0 |
| 2001-02 | 900.1 | 9.3 | 1,134.5 | 6.4 |
| 2002-03 | 1,003.7 | 11.5 | 1,230.8 | 8.5 |
| 2003-04 | 1,139.4 | 13.5 | 1,369.3 | 11.2 |
| 2004-05 | 1,210.6 | 6.3 | 1,410.4 | 3.0 |
| 2005-06 | 1,355.2 | 11.9 | 1,514.6 | 7.4 |
| 2006-07 | 1,607.3 | 18.6 | 1,727.4 | 14.0 |
| 2007-08 | 1,936.3 | 20.5 | 2,008.9 | 16.3 |
| 2008-09 ^(a) | 2,112.2 | 9.1 | 2,112.2 | 5.1 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

Property Taxes

Transfer Duty

Transfer duty (which includes stamp duty on conveyances under the previous *Stamp Act 1921*) is paid by the purchaser of property (primarily land, buildings, mining tenements and business assets) on the basis of the total value of property transferred. It is collected under the new *Duties Act 2008*, which is administered by the Office of State Revenue.

The *Duties Act 2008* (which replaced *Stamp Act 1921* from 1 July 2008) introduces new landholder provisions to apply to indirect acquisitions of land through interests in different business structures (such as corporations and unit trusts).

Transfer duty will be abolished on the 'non-real' component of property transfers (e.g. business goodwill, intellectual property and statutory licences) from 1 July 2010.

General Scale

From 1 July 2008, the rates of duty for the general scale were reduced by 5% to offset the estimated revenue impact of the broader tax base under the landholder provisions.

| Property Value | Rate of Duty |
|------------------------|---|
| \$0 to \$80,000 | \$1.90 per \$100 or part thereof |
| \$80,001 to \$100,000 | \$1,520 and \$2.85 per \$100 above \$80,000 |
| \$100,001 to \$250,000 | \$2,090 and \$3.80 per \$100 above \$100,000 |
| \$250,001 to \$500,000 | \$7,790 and \$4.75 per \$100 above \$250,000 |
| Above \$500,000 | \$19,665 and \$5.15 per \$100 above \$500,000 |

New Concessional Scale for Residential Properties

From 1 July 2008, a new concessional transfer duty scale applies to residential properties, including principal places of residence, rental properties and vacant land on which a residence will be built.

| Property Value | Rate of Duty |
|------------------------|---|
| \$0 to \$120,000 | \$1.90 per \$100 or part thereof |
| \$120,001 to \$150,000 | \$2,280 and \$2.85 per \$100 above \$120,000 |
| \$150,001 to \$360,000 | \$3,135 and \$3.80 per \$100 above \$150,000 |
| \$360,001 to \$725,000 | \$11,115 and \$4.75 per \$100 above \$360,000 |
| Above \$725,000 | \$28,453 and \$5.15 per \$100 above \$725,000 |

Exemptions and Concessions

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

From 1 July 2008, a new concessional scale applies to transfers of residential properties.

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 residential properties valued between \$100,000 and \$116,000, and between \$100,000 and \$200,000 for business transfers.

First home buyers who purchase a home valued at up to \$500,000 are exempt from duty. The exemption phases out for homes valued between \$500,000 and \$600,000. First home land purchases valued up to \$300,000 are also exempt from duty, with the exemption phasing out for land valued between \$300,000 and \$400,000.

Interstate Comparison

The tables below provide interstate comparisons of transfer duty based on the general scales (non principal place of residence).

TRANSFER DUTY SCALES – GENERAL

| | WA ^(a) | NSW ^(b) | VIC | QLD | SA | TAS ^(c) | NT | ACT |
|-------------------------------|-------------------|--------------------|-----|------|-----|--------------------|------|-------|
| Min Rate (%) | 1.9 | 1.25 | 1.4 | 1.5 | 1.0 | 1.5 | (d) | 2.00 |
| Min Threshold (\$'000) | 0 | 0 | 0 | 5 | 0 | 1.3 | 0 | 0 |
| Max Rate (%) | 5.15 | 5.5 | 5.5 | 5.25 | 5.5 | 4.0 | 4.95 | 6.75 |
| Max Threshold (\$'000) | 500 | 1,000 | 960 | 980 | 500 | 225 | 525 | 1,000 |

(a) The standard scale.

(b) Top threshold and top rate for residential transactions are \$3 million and 7.0% respectively.

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

(d) For conveyances less than \$525,000, duty is derived by the formula $D = (0.06571441 \times V^2) + 15V$, where D = duty payable in \$ and V = value of property transferred divided by 1,000. Over \$525,000, duty is 4.95% of the property value.

TRANSFER DUTY PAYABLE ON SELECTED PROPERTY VALUES

| Property Value | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| \$'000 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 100 | 2,090 | 1,990 | 2,150 | 1,925 | 2,830 | 2,425 | 2,157 | 2,000 |
| 200 | 5,890 | 5,490 | 7,070 | 5,425 | 6,830 | 5,675 | 5,629 | 5,500 |
| 300 | 10,165 | 8,990 | 13,070 | 8,925 | 11,330 | 9,550 | 10,414 | 9,500 |
| 400 | 14,915 | 13,490 | 19,070 | 12,425 | 16,330 | 13,550 | 16,514 | 15,000 |
| 500 | 19,665 | 17,990 | 25,070 | 15,925 | 21,330 | 17,550 | 23,929 | 20,500 |
| 750 | 32,540 | 29,240 | 40,070 | 26,775 | 35,080 | 27,550 | 37,125 | 34,875 |
| 1,000 | 45,415 | 40,490 | 55,000 | 38,175 | 48,830 | 37,550 | 49,500 | 49,250 |
| 5,000 | 251,415 | 260,490 | 275,000 | 248,175 | 268,830 | 197,550 | 247,500 | 319,250 |

AVERAGE TAX RATES – GENERAL SCALES

| Property Value | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|-----------------------|-----------|------------|------------|------------|-----------|------------|-----------|------------|
| \$'000 | % | % | % | % | % | % | % | % |
| 100 | 2.09 | 1.99 | 2.15 | 1.93 | 2.83 | 2.43 | 2.16 | 2.00 |
| 200 | 2.95 | 2.75 | 3.54 | 2.71 | 3.42 | 2.84 | 2.81 | 2.75 |
| 300 | 3.39 | 3.00 | 4.36 | 2.98 | 3.78 | 3.18 | 3.47 | 3.17 |
| 400 | 3.73 | 3.37 | 4.77 | 3.11 | 4.08 | 3.39 | 4.13 | 3.75 |
| 500 | 3.93 | 3.60 | 5.01 | 3.19 | 4.27 | 3.51 | 4.79 | 4.10 |
| 750 | 4.34 | 3.90 | 5.34 | 3.57 | 4.68 | 3.67 | 4.95 | 4.65 |
| 1,000 | 4.54 | 4.05 | 5.50 | 3.82 | 4.88 | 3.76 | 4.95 | 4.93 |
| 5,000 | 5.03 | 5.21 | 5.50 | 4.96 | 5.38 | 3.95 | 4.95 | 6.39 |

The tables below provide interstate comparisons of transfer duty based on the duty scales applicable to the transfers of principal places of residence.

TRANSFER DUTY SCALES – PRINCIPAL PLACE OF RESIDENCE

| | WA ^(a) | NSW | VIC | QLD | SA | TAS | NT | ACT |
|------------------------|-------------------|-------|-----|------|-----|-----|---------|-----------|
| Min Rate (%) | 1.9 | 1.25 | 1.4 | 1.5 | 1.0 | 1.5 | Duty is | \$20 duty |
| Min Threshold (\$'000) | 0 | 0 | 0 | 5 | 0 | 1.3 | reduce | 333 |
| Max Rate (%) | 5.15 | 7.0 | 5.5 | 5.25 | 5.5 | 4.0 | by a | 6.75 |
| Max Threshold (\$'000) | 725 | 3,000 | 960 | 980 | 500 | 225 | max. of | 1,000 |

^(a) Western Australia's concessions extend to rental properties and vacant residential land.

TRANSFER DUTY PAYABLE ON SELECTED PROPERTY VALUES

| Property Value | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| \$'000 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 100 | 1,900 | 1,990 | 2,150 | 1,000 | 2,830 | 2,425 | nil | 20 |
| 200 | 5,035 | 5,490 | 6,370 | 2,000 | 6,830 | 5,675 | 3,129 | 20 |
| 300 | 8,835 | 8,990 | 11,370 | 3,000 | 11,330 | 9,550 | 7,914 | 20 |
| 400 | 13,015 | 13,490 | 16,370 | 5,250 | 16,330 | 13,550 | 14,014 | 15,000 |
| 500 | 17,765 | 17,990 | 21,970 | 8,750 | 21,330 | 17,550 | 21,429 | 20,500 |
| 750 | 29,741 | 29,240 | 40,070 | 19,600 | 35,080 | 27,550 | 34,625 | 34,875 |
| 1,000 | 42,615 | 40,490 | 55,000 | 30,000 | 48,830 | 37,550 | 47,000 | 49,250 |
| 5,000 | 248,616 | 290,490 | 275,000 | 241,000 | 268,830 | 197,550 | 245,000 | 319,250 |

AVERAGE TAX RATES – PRINCIPAL PLACE OF RESIDENCE

| Property Value | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|----------------|------|------|------|------|------|------|------|------|
| \$'000 | % | % | % | % | % | % | % | % |
| 100 | 1.90 | 1.99 | 2.15 | 1.00 | 2.83 | 2.43 | nil | 0.02 |
| 200 | 2.52 | 2.75 | 3.19 | 1.00 | 3.42 | 2.84 | 1.56 | 0.01 |
| 300 | 2.95 | 3.00 | 3.79 | 1.00 | 3.78 | 3.18 | 2.64 | 0.01 |
| 400 | 3.25 | 3.37 | 4.09 | 1.31 | 4.08 | 3.39 | 3.50 | 3.75 |
| 500 | 3.55 | 3.60 | 4.39 | 1.75 | 4.27 | 3.51 | 4.29 | 4.10 |
| 750 | 3.97 | 3.90 | 5.34 | 2.61 | 4.68 | 3.67 | 4.62 | 4.65 |
| 1,000 | 4.26 | 4.05 | 5.50 | 3.10 | 4.88 | 3.76 | 4.70 | 4.93 |
| 5,000 | 4.97 | 5.81 | 5.50 | 4.82 | 5.38 | 3.95 | 4.90 | 6.39 |

Further information on home buyers' concessions is provided below:

- 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 \$116,000. First home purchases up to \$500,000 are exempt from duty, with the exemption phasing out at \$600,000. First home land purchases up to \$300,000 are also exempt from duty, with the exemption phasing out at \$400,000.
- A new concessional transfer duty scale applies to all purchasers of residential properties.
- NSW** First home buyers receive a total exemption from transfer duty for metropolitan property values up to \$500,000, with the exemption phasing out at \$600,000.
- For vacant land, the threshold value for full duty exemption is \$300,000, with a partial exemption applying up to \$450,000.
- A New Home Buyers Supplement of \$3,000 will be available for contracts made between 11 November 2008 and 10 November 2009. First home buyers who qualify for the First Home Owner Grant and are buying a newly constructed home or building their first home will be eligible.
- VIC** A principal place of residence concession applies to homes valued between \$130,000 and \$550,000. In addition, first home buyers get a First Home Bonus of \$3,000 for an established home or \$5,000 for a new dwelling, for homes valued up to \$500,000. Also, an additional \$3,000 regional bonus is available for 2008-09 only.
- A full pensioner duty exemption applies to properties up to \$330,000, phasing out at \$440,000. Applicants must hold Commonwealth concession cards.
- QLD** From 1 September, no duty applies to the first home purchase valued up to \$500,000. A first home rebate applies above \$500,000, phasing out at \$550,000.
- Home buyers not purchasing their first home, and first home buyers purchasing above \$500,000, receive a principal place of residence concessional rate of duty of 1% for the first \$350,000 of the value of the home, with the normal marginal rate applying to the amount above \$350,000.
- SA** The existing first home buyer concession will be replaced by a grant of \$4,000 for first home valued up to \$400,000 (phasing out at \$450,000).
- A rebate of up to \$1,500 is available to home units in the City of Adelaide, regardless of the nature of the title, but restricted to new dwellings on allotments of 250 square metres or less.
- TAS** 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. A refund of duty of up to \$2,400 is available to first home owners who purchase land valued at up to \$175,000 and build a home. The refund is payable on land with a dutiable value of up to \$175,000.
- NT** All first home buyers receive a duty concession of up to \$15,515.50 of the duty payable under the general rates of duty. A \$2,500 reduction in duty is available to a non-first home buyer purchasing a principal place of residence.
- ACT** Subject to a family income not exceeding \$120,000 plus \$3,330 for each dependent child, home buyers purchasing an established dwelling valued at up to \$310,000 pay a nominal duty of \$20. A concessional rate of duty is payable by an eligible homebuyer purchasing a home valued between \$310,000 and \$390,000.
-

Changes to the Rate Scale

| MARGINAL TAX RATE (%) | | | | | | |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Value \$'000 | From 1 July 1998 | From 1 July 2002 | From 1 July 2003 | From 1 July 2004 | From 28 Oct 2004 | From 1 Jul 2008^(a) |
| Less than 80 | 1.95 | 2.00 | 2.30 | 2.20 | 2.00 | 1.90 |
| 80 – 100 | 2.85 | 3.00 | 3.45 | 3.30 | 3.00 | 2.85 |
| 100 – 250 | 3.70 | 4.15 | 4.75 | 4.50 | 4.00 | 3.80 |
| 250 – 500 | 4.55 | 5.15 | 5.90 | 5.60 | 5.00 | 4.75 |
| Above 500 | 4.85 | 5.50 | 6.30 | 6.00 | 5.40 | 5.15 |

^(a) This refers to the general duty scale. A concessional scale applies to residential properties where the rates of duty are the same but the corresponding thresholds are higher (i.e. \$120,000, \$150,000, \$360,000 and \$725,000).

Changes to Concessions

The exemption for the transfer of the matrimonial home to create joint tenants was introduced in January 1988 and extended to couples living in opposite sex de-facto relationships in 1991-92. In 2003, the exemption was extended to same sex de-facto relationships.

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, for properties north of the 26th parallel, from \$120,000 to \$127,500 on 1 November 1989.

From 1 July 1998, the value limits were further increased from \$85,000 to \$135,000 and, for properties north of the 26th parallel, from \$127,500 to \$202,500. 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, phasing out at \$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). This was further extended from 10 May 2007 to \$500,000 for first home purchases (phasing out at \$600,000), and \$300,000 for vacant land (phasing out at \$400,000).

The first home buyer stamp duty concession was extended to any subsequent purchases of an interest by an eligible first home buyer who enters into a shared equity arrangement with the Department of Housing and Works from 1 July 2006. Property transfers from a bankrupt to a creditor were also exempted from stamp duty.

From 1 July 2008, a new concessional duty scale was introduced for the transfers of residential properties.

With the new concessional residential scale, the benefits available to taxpayers from the principal place of residence concessional rate phase out when a property is valued over \$116,000.

Transfer Duty Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|--------------------------------|-----------------------------|---|--------------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 438.6 | -10.3 | 612.7 | -11.9 |
| 1999-00 | 516.6 | 17.8 | 705.2 | 15.1 |
| 2000-01 | 549.2 | 6.3 | 710.9 | 0.8 |
| 2001-02 | 647.4 | 17.9 | 816.0 | 14.8 |
| 2002-03 | 833.3 | 28.7 | 1,021.9 | 25.2 |
| 2003-04 | 1,207.2 | 44.9 | 1,450.8 | 42.0 |
| 2004-05 | 1,218.1 | 0.9 | 1,419.1 | -2.2 |
| 2005-06 | 1,906.0 | 56.5 | 2,130.3 | 50.1 |
| 2006-07 | 2,037.2 | 6.9 | 2,189.4 | 2.8 |
| 2007-08 | 2,243.4 | 10.1 | 2,327.5 | 6.3 |
| 2008-09 ^(a) | 1,807.1 | -19.4 | 1,807.1 | -22.4 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

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 are administered by the Office of State Revenue.

Rate of Tax

The scale below includes the changes announced in the 2008-09 Budget and a further 7% rate reduction that was announced by the new Government in October 2008.

| LAND TAX SCALE FOR 2008-09 | |
|--|---|
| Unimproved Value of Land \$'000 | Land Tax Payable |
| Less than 300 | Nil |
| 300 – 1,000 | 0.09 cents per \$1 above \$300,000 |
| 1,000 – 2,200 | \$630+0.47 cents per \$1 above \$1,000,000 |
| 2,200 – 5,500 | \$6,270+1.22 cents per \$1 above \$2,200,000 |
| 5,500 – 11,000 | \$46,530+1.46 cents per \$1 above \$5,500,000 |
| Over 11,000 | \$126,830+2.16 cents per \$1 above \$11,000,000 |

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

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 an 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.

From 1 July 2005, caravan parks are entitled to a 50% land tax concession.

The exemption period for persons constructing new residences has extended from 12 months to two years from 1 July 2006, and parents, grandparents or siblings providing independent accommodation for disabled children were exempt from land tax from 1 July 2006.

Interstate Comparison

The rates in the tables below are the general scales which apply to properties in each jurisdiction.

| LAND TAX SCALES – GENERAL | | | | | | | | |
|----------------------------------|-----------|------------|------------|------------|-----------|------------|---------------|------------|
| | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
| Min Threshold | \$300,000 | \$368,000 | \$250,000 | \$600,000 | \$110,000 | \$25,000 | Not Levied | \$0 |
| Max Threshold | \$11m | \$2.25m | \$3.0m | \$3.0m | \$1.0m | \$750,000 | | \$275,000 |
| Min Tax Rate | 0.09% | 1.60% | 0.20% | 1.00% | 0.30% | 0.55% | | 0.60% |
| Max Tax Rate | 2.16% | 2.00% | 2.25% | 1.25% | 3.70% | 2.50% | | 1.40% |

| LAND TAX PAYABLE – GENERAL | | | | | | | | |
|-----------------------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Land Value \$'000 | WA \$ | NSW \$ | VIC \$ | QLD \$ | SA \$ | TAS \$ | NT \$ | ACT \$ |
| 100 | – | – | – | – | – | 463 | Not Levied | 673 |
| 200 | – | – | – | – | 270 | 1,013 | | 1,693 |
| 300 | – | – | 375 | – | 570 | 1,563 | | 2,906 |
| 400 | 90 | 612 | 575 | – | 1,070 | 2,838 | | 4,306 |
| 500 | 180 | 2,212 | 775 | – | 1,770 | 4,838 | | 5,706 |
| 1,000 | 630 | 10,212 | 2,975 | 4,500 | 11,420 | 16,088 | | 12,706 |
| 3,000 | 16,030 | 45,212 | 24,975 | 37,500 | 85,420 | 66,088 | | 40,706 |
| 5,000 | 40,430 | 85,212 | 69,975 | 62,500 | 159,420 | 116,088 | | 68,706 |
| 10,000 | 112,230 | 185,212 | 182,475 | 125,000 | 344,420 | 241,088 | | 138,706 |

AVERAGE TAX RATES – GENERAL

| Land Value \$'000 | WA % | NSW % | VIC % | QLD % | SA % | TAS % | NT % | ACT % |
|----------------------|---------|----------|----------|----------|---------|----------|---------------|----------|
| 100 | – | – | – | – | – | 0.46 | Not Levied | 0.67 |
| 200 | – | – | – | – | 0.14 | 0.51 | | 0.85 |
| 300 | – | – | 0.13 | – | 0.19 | 0.52 | | 0.97 |
| 400 | 0.02 | 0.15 | 0.14 | – | 0.27 | 0.71 | | 1.08 |
| 500 | 0.04 | 0.44 | 0.16 | – | 0.35 | 0.97 | | 1.14 |
| 1,000 | 0.06 | 1.02 | 0.30 | 0.45 | 1.14 | 1.61 | | 1.27 |
| 3,000 | 0.53 | 1.51 | 0.83 | 1.25 | 2.85 | 2.20 | | 1.36 |
| 5,000 | 0.81 | 1.70 | 1.40 | 1.25 | 3.19 | 2.32 | | 1.37 |
| 10,000 | 1.12 | 1.85 | 1.82 | 1.25 | 3.44 | 2.41 | | 1.39 |

New South Wales, Victoria, Queensland and the Australian Capital Territory also apply different tax scales to commercial properties or properties owned by non-concessional companies and special trusts. Western Australia, South Australia, and Tasmania apply the general scales to all types of property and ownership.

**LAND TAX SCALES – COMMERCIAL PROPERTIES OR PROPERTIES OWNED BY
NON-CONCESSIONAL COMPANIES AND SPECIAL TRUSTS**

| | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|----------------------|-----------|---------|----------|-----------|-----------|-----------|---------------|-----------|
| Min Threshold | \$300,000 | \$0 | \$25,000 | \$350,000 | \$110,000 | \$25,000 | Not Levied | \$0 |
| Max Threshold | \$11m | \$2.25m | \$3.0m | \$2.25m | \$1.0m | \$750,000 | | \$275,000 |
| Min Tax Rate | 0.09% | 1.60% | 0.375% | 1.50% | 0.30% | 0.55% | | 0.89% |
| Max Tax Rate | 2.16% | 2.00% | 2.25% | 1.70% | 3.70% | 2.50% | | 1.59% |

**LAND TAX PAYABLE – COMMERCIAL PROPERTIES OR PROPERTIES OWNED
BY NON-CONCESSIONAL COMPANIES AND SPECIAL TRUSTS**

| Land Value \$'000 | WA \$ | NSW ^(a) \$ | VIC ^(b) \$ | QLD ^(c) \$ | SA \$ | TAS \$ | NT \$ | ACT ^(d) \$ |
|----------------------|----------|--------------------------|--------------------------|--------------------------|----------|-----------|---------------|--------------------------|
| 100 | – | 1,600 | 363 | – | – | 463 | Not Levied | 890 |
| 200 | – | 3,200 | 738 | – | 270 | 1,013 | | 1,960 |
| 300 | – | 4,800 | 1,214 | – | 570 | 1,563 | | 3,296 |
| 400 | 90 | 6,400 | 1,789 | 2,300 | 1,070 | 2,838 | | 4,886 |
| 500 | 180 | 8,000 | 2,364 | 4,000 | 1,770 | 4,838 | | 6,476 |
| 1,000 | 630 | 16,000 | 6,439 | 12,500 | 11,420 | 16,088 | | 14,426 |
| 3,000 | 16,030 | 51,000 | 24,975 | 45,000 | 85,420 | 66,088 | | 46,226 |
| 5,000 | 40,430 | 91,000 | 69,975 | 75,000 | 159,420 | 116,088 | | 78,026 |
| 10,000 | 112,230 | 191,000 | 182,475 | 150,000 | 344,420 | 241,088 | | 157,526 |

**AVERAGE TAX RATES – COMMERCIAL PROPERTIES OR PROPERTIES OWNED
BY NON-CONCESSIONAL COMPANIES AND SPECIAL TRUSTS**

| Land Value \$'000 | WA % | NSW ^(a) % | VIC ^(b) % | QLD ^(c) % | SA % | TAS % | NT % | ACT ^(d) % |
|----------------------|---------|-------------------------|-------------------------|-------------------------|---------|----------|---------------|-------------------------|
| 100 | – | 1.60 | 0.36 | – | – | 0.46 | Not Levied | 0.89 |
| 200 | – | 1.60 | 0.37 | – | 0.14 | 0.51 | | 0.98 |
| 300 | – | 1.60 | 0.40 | – | 0.19 | 0.52 | | 1.10 |
| 400 | 0.02 | 1.60 | 0.45 | 0.58 | 0.27 | 0.71 | | 1.22 |
| 500 | 0.04 | 1.60 | 0.47 | 0.80 | 0.35 | 0.97 | | 1.30 |
| 1,000 | 0.06 | 1.60 | 0.64 | 1.25 | 1.14 | 1.61 | | 1.44 |
| 3,000 | 0.53 | 1.70 | 0.83 | 1.50 | 2.85 | 2.20 | | 1.54 |
| 5,000 | 0.81 | 1.82 | 1.40 | 1.50 | 3.19 | 2.32 | | 1.56 |
| 10,000 | 1.12 | 1.91 | 1.82 | 1.50 | 3.44 | 2.41 | | 1.58 |

^(a) For properties owned by non-concessional companies and special trusts.

^(b) For properties owned by special trusts.

^(c) For properties owned by companies, trustees and absentees.

^(d) For commercial properties.

Changes to the Rate Scale

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 is levied on the portion of the aggregate taxable value of land above the exemption threshold, rather than on the total value once the exemption threshold is reached. In addition, the exemption threshold was increased from \$100,000 to \$130,000, the second threshold from \$220,000 to \$290,000 and the third threshold from \$570,000 to \$750,000. The marginal rate for the third threshold was reduced from 1.76% to 1.62%.

From 1 July 2006, the exemption threshold was increased from \$130,000 to \$150,000, the second threshold increased from \$290,000 to \$390,000 and the third threshold from \$750,000 to \$875,000.

From 1 July 2007, the exemption threshold was increased to \$250,000, with the other thresholds increased to \$875,000, \$2,000,000, \$5,000,000 and \$10,000,000. The corresponding marginal tax rates were set at 0.15%, 0.75%, 1.30% 1.55% and 2.30% respectively.

From 1 July 2008, the exemption threshold was increased to \$300,000, with the other thresholds increased to \$1,000,000, \$2,200,000, \$5,500,000 and \$11,000,000. The corresponding marginal tax rates were reduced to 0.09%, 0.47%, 1.22% 1.46% and 2.16% respectively.

Changes to Concessions

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 three years to four 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 concession 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% concession 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 concession 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 the 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.

From 1 July 2005, caravan parks are entitled to a 50% land tax concession.

From 1 July 2006, the exemption period for persons constructing new residences was extended from 12 months to two years and parents, grandparents or siblings providing independent accommodation for disabled children were exempt from land tax.

From 1 July 2007, a land tax exemption applies to private aged care providers.

Land Tax Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|----------------------------|-------------------------|-----------------------------------|----------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 178.4 | 4.6 | 249.2 | 2.7 |
| 1999-00 | 195.5 | 9.6 | 266.9 | 7.1 |
| 2000-01 | 220.7 | 12.9 | 285.7 | 7.1 |
| 2001-02 | 225.7 | 2.3 | 284.5 | -0.4 |
| 2002-03 | 259.6 | 15.0 | 318.4 | 11.9 |
| 2003-04 | 279.7 | 7.7 | 336.1 | 5.6 |
| 2004-05 | 315.5 | 12.8 | 367.5 | 9.3 |
| 2005-06 | 312.9 | -0.8 | 349.8 | -4.8 |
| 2006-07 | 385.6 | 23.2 | 414.4 | 18.5 |
| 2007-08 | 414.6 | 7.5 | 430.1 | 3.8 |
| 2008-09 ^(a) | 562.6 | 35.7 | 562.6 | 30.8 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

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

0.14% of the unimproved land value in excess of the \$300,000 exemption threshold.

Exemptions and Concessions

MRIT applies only to the portion of land value that exceeds the exemption threshold.

Changes to the Rate Scale

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.

In 2007-08, the exemption threshold was increased from \$150,000 to \$250,000. The rate of MRIT was changed from 0.15% of the total unimproved land value to 0.18% of the unimproved land value above \$250,000.

In 2008-09, the exemption threshold was increased from \$250,000 to \$300,000. The rate of MRIT was reduced to 0.14%.

Changes to Concessions

As for land tax.

MRIT Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|--------------------------------|-----------------------------|---|--------------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 29.5 | 10.5 | 41.2 | 8.6 |
| 1999-00 | 31.5 | 6.8 | 43.0 | 4.3 |
| 2000-01 | 36.1 | 14.6 | 46.7 | 8.7 |
| 2001-02 | 37.8 | 4.7 | 47.6 | 2.0 |
| 2002-03 | 38.9 | 2.9 | 47.7 | 0.1 |
| 2003-04 | 43.6 | 12.1 | 52.4 | 9.9 |
| 2004-05 | 47.1 | 8.0 | 54.9 | 4.7 |
| 2005-06 | 53.4 | 13.4 | 59.7 | 8.8 |
| 2006-07 | 65.0 | 21.6 | 69.9 | 17.0 |
| 2007-08 | 76.0 | 16.9 | 78.9 | 12.9 |
| 2008-09 ^(a) | 85.8 | 12.9 | 85.8 | 8.8 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

Financial Transactions Taxes

Insurance Duty

Insurance duty (i.e. stamp duty on insurance policies under the previous *Stamp Act 1921*) is paid by insurers and is based on the value of the insurance premium. It is collected under the *Duties Act 2008*, 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

| | INSURANCE DUTY (% OF PREMIUMS) | | | | | | | |
|----------------|--------------------------------|---|--|---|------------------------------------|--|----------------------------|---|
| | WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
| General | 10.0 | 9.0 ^(a) | 10.0 | 7.5 ^(a) | 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: | Term or temporary: | Term or temporary: | | Term or temporary: | Term or temporary: | Term, temporary or riders: |
| | | 5% of first year's premium | 5% of first year's premium | 5% of first year's premium | | 5% of first year's premium | 5% of first year's premium | 5% of first year's premium |

^(a) Excludes motor vehicle insurance for which the rate is 5%.

Changes to Rates and Base

Duty on life insurance was introduced from 1 November 1983.

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

The 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 stamp duty on workers' compensation insurance was abolished - see above - the pay-roll tax exemption threshold was \$750,000). The 5% rate remained unchanged for other employers.

The nominal amount of 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, duty on workers' compensation insurance and life insurance policies was abolished from 1 July 2004.

Insurance Duty Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|----------------------------|-------------------------|-----------------------------------|----------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 110.0 | 49.4 | 153.7 | 46.8 |
| 1999-00 | 139.3 | 26.6 | 190.2 | 23.8 |
| 2000-01 | 155.9 | 11.9 | 201.8 | 6.1 |
| 2001-02 | 176.2 | 13.0 | 222.1 | 10.0 |
| 2002-03 | 220.2 | 25.0 | 270.1 | 21.6 |
| 2003-04 | 278.7 | 26.5 | 334.9 | 24.0 |
| 2004-05 | 279.9 | 0.4 | 326.1 | -2.6 |
| 2005-06 | 296.3 | 5.9 | 331.2 | 1.6 |
| 2006-07 | 308.5 | 4.1 | 331.6 | 0.1 |
| 2007-08 | 342.4 | 11.0 | 355.2 | 7.1 |
| 2008-09 ^(a) | 368.0 | 7.5 | 368.0 | 3.6 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

Mortgage Duty

Mortgage duty was abolished from 1 July 2008. The duty was paid by the borrower on the basis of the amount secured. The duty was collected under the *Stamp Act 1921*, which was administered by the Office of State Revenue.

Rate of Duty

Before it was abolished, the rate of mortgage duty was \$0.20 per \$100 of the loan amount, except for loans for owner-occupied residences where \$0.125 per \$100 applied.

Interstate Comparison

MORTGAGE DUTY RATES ON AMOUNTS SECURED

| WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|----------------------------|---|----------------------------|----------------------------|---|-----------------------|-----|-----------------------|
| Abolished from 1 July 2008 | \$5 up to \$16,000 \$0.40 per \$100 above \$16,000 From 1 July 2008, duty was abolished for all residential finance To be fully abolished from 1 July 2012 | Abolished from 1 July 2004 | Abolished from 1 July 2008 | Nil below \$400 \$10 up to \$6,000 \$0.15 per \$100 above \$6,000 Owner-occupied home and refinance mortgages are exempt To be fully abolished from 1 July 2009 | Abolished 1 July 2007 | Nil | Abolished 1 Sept 2004 |

Changes to the Rate Scale

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 was applied to the whole amount secured, except for loans for owner-occupied residences which remain at \$0.25 per \$100.

As part of the Stage 1 State Tax Review measures, the staged abolition of mortgage duty by 1 July 2008 commenced with a 50% rate reduction from 1 July 2006. This brought the rate for mortgage duty down to \$0.20 per \$100, with the rate for loans for owner-occupied residences reduced to \$0.125 per \$100.

From 1 July 2008, mortgage duty was completely abolished.

Changes to Concessions

Nil.

Stamp Duty Collections from Mortgages

| WESTERN AUSTRALIA | | | | |
|--------------------------|--------------------------------|-----------------------------|---|--------------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 61.3 | -16.0 | 85.6 | -17.4 |
| 1999-00 | 68.2 | 11.3 | 93.1 | 8.7 |
| 2000-01 | 74.7 | 9.5 | 96.7 | 3.9 |
| 2001-02 | 85.2 | 14.1 | 107.4 | 11.1 |
| 2002-03 | 95.6 | 12.2 | 117.2 | 9.2 |
| 2003-04 | 114.9 | 20.2 | 138.0 | 17.7 |
| 2004-05 | 139.6 | 21.5 | 162.6 | 17.8 |
| 2005-06 | 173.4 | 24.2 | 193.8 | 19.1 |
| 2006-07 | 120.5 | -30.5 | 129.5 | -33.2 |
| 2007-08 | 108.1 | -10.3 | 112.2 | -13.4 |
| 2008-09 ^(a) | 9.7 | -91.0 | 9.7 | -91.4 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues). The 2008-09 revenue reflects lagged collections from transactions in 2007-08.

Motor Vehicle Taxes and Fees

Vehicle Licence Duty

Vehicle licence duty (i.e. stamp duty on motor vehicle licence transfers under the previous *Stamp Act 1921*) is paid by the vehicle purchaser and is based on the market value of the motor vehicle (except for new light vehicles, where the manufacturer's list price is used). 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 *Duties Act 2008* 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 and Used Heavy Vehicles (over 4.5 tonnes)

3% of market value of vehicle. The maximum stamp duty payable is \$12,000 per vehicle.

New and Used Light Vehicles

| Market Value of Vehicle | Tax Rate |
|--------------------------------|------------------------------|
| \$0 – \$25,000 | 2.75% flat |
| \$25,001 – \$50,000 | 2.75% - 6.50% ^(a) |
| Over \$50,000 | 6.5% flat |

^(a) The rate slides proportionately from 2.75% at \$25,000 to 6.50% at \$50,000, as follows:

$$\text{Duty} = V \times [2.75\% + ((V - 25,000) / 25,000) \times (6.50\% - 2.75\%)]$$

Where V is the vehicle value between \$25,000 and \$50,000.

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, vehicles purchased by certain charities, and vehicles purchased by holders of a TPI card issued by Veteran's Affairs or an Invalid Rehabilitation card issued by Centrelink).

Interstate Comparison

DUTY ON MOTOR VEHICLES (BASED ON MARKET VALUES)^(a)

| WA | NSW | VIC | QLD | SA | TAS | NT | ACT |
|----------|---|--|---|---|--|---------------|---|
| As Above | Passenger Vehicles: Under \$45,000: \$3 per \$100 Over \$45,000: \$1,350 plus \$5 per \$100 Other Vehicles: \$3 per \$100 | New Passenger: \$0-\$57,009: \$5 per \$200 Over \$57,009: \$10 per \$200 New Non-passenger: \$5 per \$200 Used: \$8 per \$200 | 1-4-cylinder vehicles: \$3 per \$100 5-6-cylinder vehicles: \$3.50 per \$100 7-8-cylinder vehicles: \$4 per \$100 Hybrid Vehicles: \$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+ \$40,000+: \$11 per \$100 in excess of \$35,000 Over \$40,000: \$4 per \$100 Heavy Vehicles: 1% of vehicle value | \$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).

DUTY ON SELECTED VEHICLES

| Vehicle Value | WA | NSW | VIC | | QLD | | SA | | TAS | |
|---------------|-----------|-------|-------|-------|-------------|-------------|------------|-------|-----------|-------|
| | Non-heavy | | New | Used | 4 cylinders | 6 cylinders | Commercial | Other | Passenger | Other |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 5,000 | 138 | 150 | 125 | 200 | 150 | 175 | 120 | 140 | 150 | 50 |
| 10,000 | 275 | 300 | 250 | 400 | 300 | 350 | 270 | 340 | 300 | 100 |
| 20,000 | 550 | 600 | 500 | 800 | 600 | 700 | 570 | 740 | 600 | 200 |
| 30,000 | 1050 | 900 | 750 | 1,200 | 900 | 1,050 | 870 | 1,140 | 900 | 300 |
| 40,000 | 2000 | 1,200 | 1,000 | 1,600 | 1,200 | 1,400 | 1,170 | 1,540 | 1,600 | 400 |
| 50,000 | 3,250 | 1,600 | 1,250 | 2,000 | 1,500 | 1,750 | 1,470 | 1,940 | 2,000 | 500 |
| 60,000 | 3,900 | 2,100 | 3,000 | 2,400 | 1,800 | 2,100 | 1,770 | 2,340 | 2,400 | 600 |

AVERAGE TAX RATES

| Vehicle Value | WA | NSW | VIC | | QLD | | SA | | TAS | |
|---------------|-----------|------|------|------|-------------|-------------|------------|-------|-----------|-------|
| | Non-heavy | | New | Used | 4 cylinders | 6 cylinders | Commercial | Other | Passenger | Other |
| \$ | % | % | % | % | % | % | % | % | % | % |
| 5,000 | 2.75 | 3.00 | 2.50 | 4.00 | 3.00 | 3.50 | 2.40 | 2.80 | 3.00 | 3.00 |
| 10,000 | 2.75 | 3.00 | 2.50 | 4.00 | 3.00 | 3.50 | 2.70 | 3.40 | 3.00 | 3.00 |
| 20,000 | 2.75 | 3.00 | 2.50 | 4.00 | 3.00 | 3.50 | 2.85 | 3.70 | 3.00 | 3.00 |
| 30,000 | 3.50 | 3.00 | 2.50 | 4.00 | 3.00 | 3.50 | 2.90 | 3.80 | 3.00 | 3.00 |
| 40,000 | 5.00 | 3.00 | 2.50 | 4.00 | 3.00 | 3.50 | 2.93 | 3.85 | 4.00 | 1.00 |
| 50,000 | 6.50 | 3.20 | 2.50 | 4.00 | 3.00 | 3.50 | 2.94 | 3.88 | 4.00 | 3.00 |
| 60,000 | 6.50 | 3.50 | 5.00 | 4.00 | 3.00 | 3.50 | 2.95 | 3.90 | 4.00 | 3.00 |

Changes to the Rate of Duty

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. A maximum duty ceiling was also removed at that time.

From 1 July 1999, the rate of 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 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%).

From 1 July 2007, the single flat 3% duty rate for new heavy vehicles was extended to used heavy vehicles. For light vehicles, the thresholds of the duty scale were increased by \$5,000 to \$20,000 and \$45,000 (the range over which the rate slides up from 2.75% to 6.50%).

From 1 July 2008, the thresholds of the duty scale were further increased by \$5,000 to \$25,000 and \$50,000.

Vehicle Licence Duty Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|--------------------------------|-----------------------------|---|--------------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 138.0 | -0.8 | 192.8 | -2.6 |
| 1999-00 | 160.2 | 16.1 | 218.7 | 13.4 |
| 2000-01 | 161.1 | 0.6 | 208.5 | -4.6 |
| 2001-02 | 180.7 | 12.2 | 227.8 | 9.2 |
| 2002-03 | 231.7 | 28.2 | 284.1 | 24.7 |
| 2003-04 | 273.0 | 17.9 | 328.1 | 15.5 |
| 2004-05 | 302.5 | 10.8 | 352.4 | 7.4 |
| 2005-06 | 342.2 | 13.1 | 382.5 | 8.5 |
| 2006-07 | 392.6 | 14.7 | 421.9 | 10.3 |
| 2007-08 | 392.8 | 0.1 | 407.5 | -3.4 |
| 2008-09 ^(a) | 406.3 | 3.4 | 406.3 | -0.3 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

Motor Vehicle Licence and Recording Fees

Motor vehicle licence 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 1974*.

Current Licence Fees

For light vehicles (gross weight of less than 4.5 tonnes), the licence fee component of the registration fee is currently \$16.00 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 1,622 kg tare weight) for either family or business use. The difference of \$60 is due to a discount for family vehicles.

| | Family Use \$ per annum | Business Use \$ per annum |
|------------------|------------------------------------|--------------------------------------|
| Holden Commodore | 218.60 | 278.60 |

For heavy vehicles (gross weight of 4.5 tonnes or more), Western Australia adopted the national uniform licence fee regime 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 for 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 vehicle. 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 \$60 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 vehicle. 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 6-cylinder 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 | 218.60 | 331.00 | 178.00 | 335.90 | 193.00 | 112.00 | 152.00 | 374.25 |
| Business Use | 278.60 | 531.00 | 178.00 | 335.90 | 356.00 | 112.00 | 152.00 | 579.60 |

^(a) Excludes administration, recording and inspection fees and compulsory third party insurance premiums.

Changes in Licence Fees

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 to the movement in the Perth consumer price index.

MOTOR VEHICLE LICENCE FEES SINCE 1986

| | Holden Commodore | |
|------|------------------|----------|
| | Family | Business |
| | \$ p.a. | \$ p.a. |
| 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 |
| 2005 | 181.44 | 234.44 |
| 2006 | 197.75 | 250.75 |
| 2007 | 211.42 | 269.42 |
| 2008 | 218.60 | 278.60 |

Note: Changes to motor vehicle licence fees can reflect the release of a new model with a different tare weight.

Changes in Concessions

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.

From 1 July 2005, the family vehicle discount was increased from \$28 to \$53. This was further increased to \$55 in 2006-07, \$58 in 2007-08 and \$60 in 2008-09.

Motor Vehicle Licence Fee Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|--------------------------------|-----------------------------|---|--------------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 239.6 | 72.6 | 334.7 | 69.5 |
| 1999-00 | 227.9 | -4.9 | 311.1 | -7.1 |
| 2000-01 | 253.8 | 11.4 | 328.5 | 5.6 |
| 2001-02 | 272.1 | 7.2 | 343.0 | 4.4 |
| 2002-03 | 298.6 | 9.7 | 366.2 | 6.8 |
| 2003-04 | 320.3 | 7.3 | 384.9 | 5.1 |
| 2004-05 | 341.3 | 6.6 | 397.6 | 3.3 |
| 2005-06 | 361.1 | 5.8 | 403.6 | 1.5 |
| 2006-07 | 396.4 | 9.8 | 426.0 | 5.6 |
| 2007-08 | 434.3 | 9.6 | 450.6 | 5.8 |
| 2008-09 ^(a) | 465.3 | 7.1 | 465.3 | 3.3 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards, which differ slightly from the previously reported GFS standards for most taxation items (mainly due to no longer netting-off refunds and rebates from tax revenues).

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.

The recording fee is \$12.15 per renewal and is expected to raise about \$40 million in 2008-09.

Gambling Taxes

Lotteries Commission

The Lotteries Commission raises money through sales of Lotto, Soccer Pools, Cash 3 and instant lotteries for distribution to projects managed through the Hospital Fund, the Arts Lotteries account, the Sports Lotteries account, cultural activities such as the Festival of Perth and the Western Australian film industry. The Lotteries Commission also funds a significant direct grants program for community and 'not for profit' organisations and events.

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 Super 66, Cash 3 and instant lottery, where the Commission directly pays a fee of 7% for Super 66 and Cash 3, and 8% for instant lottery 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 receives a share of duty paid to the Victorian Government for NT subscriptions to Tattersall's lotteries. 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. |
| ACT | Subscriptions are collected on behalf of the ACT by Victoria (79.4% of player loss) and NSW (66.1% of player loss). Except for Soccer Pools which is 57.52% of player loss. |

Changes in Lotteries Commission's Products

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.

In 2006, the Commission, with New South Wales and South Australia, entered into a 'mini-bloc' competition for Monday and Wednesday Lotto games.

Lotteries Surpluses

| WESTERN AUSTRALIA | | | | |
|--------------------------|----------------------------|-------------------------|-----------------------------------|----------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 84.9 | 7.3 | 118.6 | 5.5 |
| 1999-00 | 86.4 | 1.8 | 117.9 | -0.6 |
| 2000-01 | 73.9 | -14.5 | 95.7 | -18.9 |
| 2001-02 | 71.5 | -3.2 | 90.1 | -5.8 |
| 2002-03 | 74.9 | 4.7 | 91.8 | 1.9 |
| 2003-04 | 75.3 | 0.6 | 90.5 | -1.4 |
| 2004-05 | 76.8 | 1.9 | 89.4 | -1.2 |
| 2005-06 | 80.4 | 4.8 | 89.9 | 0.5 |
| 2006-07 | 88.0 | 9.4 | 94.6 | 5.2 |
| 2007-08 | 95.8 | 8.9 | 99.4 | 5.1 |
| 2008-09 ^(a) | 114.2 | 19.2 | 114.2 | 14.9 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards which differ from the previous GFS reported standards for most taxation items. The main difference is that rebates are no longer netted-off. For example, the previous netting-off of GST re-imbusement rebates had a significant impact on reported gambling tax revenues (see below).

GST Re-imburements

As part of the intergovernmental agreement on the GST, 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.

The GST re-imbusement to the Lotteries Commission was about \$15.4 million in 2000-01 (the first year) increasing to about \$25.1 million in 2007-08.

Casino Tax

Casino tax is payable each month by the casino licence holder based on its gross gaming revenue (total bets placed less winnings paid out) 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

| Category | Rate of Duty |
|-----------------------------------|--------------|
| Electronic gaming machines | 20% |
| Table games (including Keno) | 18% |
| International commission business | 11% |

An additional 2.0% levy on electronic gaming machine revenue is paid to the Burswood Park Board for upkeep of the Park and Swan/Canning River.

An annual licence fee of around \$2.28 million is also payable in advance in four quarterly instalments to the Gaming and Wagering Commission of Western Australia 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 | 20% of electronic gaming machine gross revenue, 18% of table games (including keno) gross revenue and 11% of international commission business gross revenue. Plus a levy of 2.0% on electronic gaming machines revenue for the conservation of the Burswood Park and the Swan/Canning River. |
| NSW | <p>From 1 July 2008, a new single rate scale will apply to both table games and electronic gaming. Under the new arrangements, tax will be calculated on a marginal scale related to gaming revenue. The base rate will be 13.04% in 2008-09, rising to 16.41% from 2012-13. The new maximum marginal rate will be 38.04% in 2008-09, rising to 38.91% from 2009-10.</p> <p>The new agreement with the Star City Casino also provides for a \$100 million exclusivity payment.</p> <p>The international high roller program was re-activated in 2006. Under the agreement, a non-refundable instalment of \$3m is paid in January and July, and an additional 10% duty applies to gross gaming revenue in excess of \$60m.</p> |
| VIC | 21.25% of gross revenue, plus 1% super tax for each \$20m gross revenue above \$500m. (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 | <p>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.</p> <p>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.</p> |
| 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, 21% 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. 9.09% of gross profit for commission based games. |
| ACT | 10.9% of gross revenue for general gaming, 0.9% of gross revenue on commission based gambling. Interactive gaming's taxed at 20% of monthly gross profit when monthly gross profit is less than \$10 million. The tax rate falls to 10% for monthly gross profit between \$10 million and \$20 million, and 5% thereafter. |

CASINO LICENCE FEES

| | |
|------------|---|
| WA | One-off payment of \$20.6m for the security of the licence, plus a quarterly licence fee, indexed annually. |
| NSW | A one-off non-refundable payment of \$256m. |
| VIC | \$358.4m fully paid. |
| QLD | A quarterly licence fee, indexed annually. |
| SA | Nil. |
| TAS | A monthly licence fee, indexed annually. |
| NT | Nil. |
| ACT | An annual licence fee, indexed annually. |

Changes to the Tax Rate or Concessions

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

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.

Casino Tax Collections

WESTERN AUSTRALIA

| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
|------------------------|--------------------------------|-----------------------------|---|--------------------------|
| | \$m | % | \$m | % |
| 1998-99 | 47.7 | -13.0 | 66.6 | -14.5 |
| 1999-00 | 43.3 | -9.2 | 59.1 | -11.3 |
| 2000-01 | 18.6 | -57.0 | 24.1 | -59.3 |
| 2001-02 | 16.2 | -12.9 | 20.4 | -15.2 |
| 2002-03 | 16.5 | 1.6 | 20.2 | -1.1 |
| 2003-04 | 22.4 | 36.4 | 27.0 | 33.6 |
| 2004-05 | 23.3 | 3.7 | 27.1 | 0.6 |
| 2005-06 | 29.4 | 26.1 | 32.8 | 21.0 |
| 2006-07 | 36.5 | 24.3 | 39.2 | 19.5 |
| 2007-08 | 40.6 | 11.2 | 42.1 | 7.4 |
| 2008-09 ^(a) | 81.0 | 99.5 | 81.0 | 92.3 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards which differ from the previous GFS reported standards for most taxation items. The main difference is that rebates are no longer netted-off. For example, the previous netting-off of GST re-imburement rebates had a significant impact on reported gambling tax revenues (see below).

GST Re-imburements

As part of the intergovernmental agreement on the GST, the States agreed to adjust their gambling tax arrangements from 1 July 2000 to 'make room' for the GST (see also the section on the Lotteries Commission). In regard to casino tax, a rebate of \$43.1 million was paid in 2007-08 to the operators to compensate for their GST liability.

Betting Taxes

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

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

From 1 July 2007, the rate of tax on off-course racing wagers was changed from 4.5% of betting turnover to a tax rate of 11.91% of gross margin (net of GST).

The totalisator sports betting tax rate is 5% of turnover. For off-course fixed odds betting, the tax rate is 2% of turnover for racing and 0.5% of turnover for sports betting.

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 Gaming and Wagering Commission and remitted to the Sports Wagering Account for distribution 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 |
|-------------------------|----------|-----|-----|-----|-----|-----|-----|-----|
| Betting Tax | | | | | | | | |
| — win, place bets | 11.91% | (a) | (a) | (b) | (c) | (e) | (f) | (g) |
| — double bets | of gross | (a) | (a) | (b) | (c) | (e) | (f) | (g) |
| — multiple bets | Margin | (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) Abolished from 1 July 2005.

(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

Prior to the establishment of RWWA in 2003, 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 to 6%.

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.

From 1 July 2007, the TAB betting tax was changed from 4.5% of TAB turnover, to a tax rate of 11.91% of gross margin (net of GST). This represents an equivalent rate reduction from 4.5% to 3.5% of turnover.

The tax rate for totalisator sports betting remains unchanged at 5% of turnover.

Betting Tax Collections

| WESTERN AUSTRALIA | | | | |
|--------------------------|----------------------------|-------------------------|-----------------------------------|----------------------|
| | Revenue Collections | Change (Nominal) | Revenue in 2008-09 Dollars | Change (Real) |
| | \$m | % | \$m | % |
| 1998-99 | 38.8 | 6.9 | 54.2 | 5.0 |
| 1999-00 | 39.9 | 2.8 | 54.5 | 0.5 |
| 2000-01 | 27.9 | -30.1 | 36.1 | -33.7 |
| 2001-02 | 24.8 | -11.1 | 31.3 | -13.4 |
| 2002-03 | 26.9 | 8.5 | 33.0 | 5.6 |
| 2003-04 | 34.0 | 26.4 | 40.9 | 23.9 |
| 2004-05 | 33.7 | -0.8 | 39.3 | -3.9 |
| 2005-06 | 36.1 | 6.9 | 40.3 | 2.6 |
| 2006-07 | 39.5 | 9.5 | 42.5 | 5.3 |
| 2007-08 | 25.2 | -36.2 | 26.1 | -38.4 |
| 2008-09 ^(a) | 34.6 | 37.3 | 34.6 | 32.3 |

^(a) Based on 2008-09 Pre-election Financial Projections Statement. These estimates are consistent with AASB 1049 accounting standards which differ from the previous GFS reported standards for most taxation items. The main difference is that rebates are no longer netted-off. For example, the previous netting-off of GST re-imburement rebates had a significant impact on reported gambling tax revenues (see below).

GST Re-imburements

As part of the intergovernmental agreement on the GST, the States agreed to adjust their gambling tax arrangements from 1 July 2000 to 'make room' for the GST (see also the section on the Lotteries Commission). GST paid by the RWWA was separately re-imbursed by the State up to 2006-07. From 1 July 2007, the GST re-imburement was replaced by an equivalent reduction in the betting tax rate.

Other Fees and Levies

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%).

Local government authorities collect the levy from property owners on behalf of the Fire and Emergency Services Authority (FESA). 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 \$150 million in 2007-08.

Loan Guarantee Fees

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

- 20 basis points (bps) per annum for borrowings (short and long-term) by agencies through the WATC, such as the Water Corporation, Verve Energy, Synergy, Horizon Power and Western Power; and
- 10 bps per annum for local government borrowers (short and long-term).

The revenue from Loan Guarantee Fees is estimated to be around \$14 million in 2007-08.

Appendix 1

A Summary of Tax Changes in 2008-09 in all States and Territories

The following is a summary of the major tax changes announced in 2008-09 State Budgets.

Western Australia

Land Tax

Land tax for 2008-09 was cut across the board by increasing all the thresholds and reducing all the marginal tax rates. This comprised an initial scale that was announced the 2008-09 Budget and a further 7% rate reduction that was announced by the new Government in October 2008.

The exemption threshold was increased from \$250,000 to \$300,000. The marginal tax rate for the value range of \$300,000 to \$1,000,000 million was reduced from 0.15% to 0.09%, and the marginal tax rate for the next value range up to \$2.2 million was also reduced from 0.75% to 0.47%. The next two marginal rates (applying to ranges up to \$5.5 million and \$11 million) were reduced from 1.30% and 1.55% to 1.22% and 1.46% respectively. The top marginal rate applying to land value above \$11 million was reduced from 2.30% to 2.16%.

MRIT

The exemption threshold for MRIT was also increased from \$250,000 to \$300,000 and the marginal tax rate for MRIT was reduced from 0.18% to 0.14%. This comprised an initial scale that was announced in the 2008-09 Budget and a further 7% rate reduction that was announced by the new Government in October 2008.

Transfer Duty

The *Duties Act 2008* came into operation from 1 July 2008, replacing the stamp duty arrangements imposed by the *Stamp Act 1921*. The new Act has a broader, more efficient tax base, in turn providing an opportunity for an offsetting rate reduction of 5%. Key measures include:

- a new landholder regime which imposes duty in a more consistent and understandable manner on land acquired indirectly through interests in company and unit trust structures;
- the most generous entity restructuring exemption in the nation; and
- a general anti-avoidance provision to better protect the revenue base.

A concessional transfer duty for residential properties was also introduced from 1 July 2008. The scale applies to principal places of residence, rental properties and vacant land on which a residence is subsequently built within five years.

The existing first home owner concessions will remain unchanged. The existing 1.5% rate concession for low value principal places of residence and small businesses will continue until its scheduled abolition on 1 July 2010.

Vehicle Duty

The duty scale thresholds for motor vehicles were increased by \$5,000 to \$25,000 and \$50,000 from 1 July 2008, with tax rates remaining unchanged.

Pay-roll Tax

Subject to the re-introduction and passage of legislation through the Western Australian Parliament, seven areas of pay-roll tax administration will be brought in line with the other jurisdictions retrospectively from 1 July 2008 as part of a harmonisation program. These areas are: timing of lodgements; accommodation allowance exemptions; vehicle allowance exemptions; fringe benefits; employee share benefit schemes; services performed outside a jurisdiction; and superannuation contributions. From 1 July 2009, grouping provisions will also be harmonised with other jurisdictions.

New South Wales

Pay-roll Tax

The pay-roll tax rate will be reduced to 5.75% from 1 January 2009. The rate will be further reduced to 5.65% from 1 January 2010, and to 5.50% from 1 January 2011.

The exemption threshold will be indexed annually by the CPI increase. From 1 July 2008, the threshold will be increased from \$600,000 to \$623,000.

Land Tax

From the 2009 land tax year, a new marginal rate of 2.00% will apply to land holdings above \$2.25 million. The marginal rate of 1.60% continues to apply to land value up to \$2.25 million.

Mortgage Duty

Mortgage duty on the purchase of residential investment property was abolished from 1 July 2008. The duty on all other mortgages will be completely abolished from 1 July 2012 (previously scheduled to be abolished by 1 July 2009).

Gambling Taxes

Under the new taxation and exclusivity agreement for the Star City Casino, a single rate scale will apply to both table games and electronic gaming machines from 1 July 2008. The agreement also provides for a \$100 million exclusivity payment (accruing at \$8.3 million a year).

Marketable Securities Duty

Unquoted marketable securities duty will be abolished from 1 July 2012 (previously scheduled to be abolished by 1 January 2009).

Transfer Duty

A New Home Buyers Supplement of \$3,000 will be available for contracts made between 11 November 2008 and 10 November 2009. First home buyers who qualify for the First Home Owner Grant and are buying a newly constructed home or building their first home will be eligible.

A Landholder Duty similar to Western Australia's model will be introduced from 1 July 2009.

The transfer duty on non-land business assets will be abolished from 1 July 2012 (previously scheduled to be abolished by 1 January 2011).

Nominal Duties

The nominal duties on stamping a range of documents (such as duplicates of contracts and trust documents) on which ad valorem duty has been paid will be increased.

Parking Space Levy

From 1 July 2009, the parking space levy will be increased from \$950 to \$2,000 a year per off-street parking space in Sydney, North Sydney and Milsons Point business districts; and from \$470 to \$710 a year for St Leonards, Chatswood, Parramatta and Bondi Junction.

Mining Royalties

From 1 January 2009, the coal royalty rates will be increased for deep underground mining, underground mining and open cut mining from 5%, 6% and 7% respectively to 6.2%, 7.2% and 8.2% respectively.

Victoria

Land Tax

For the 2009 land tax year, the land tax thresholds will be increased by around 10% and the top rate of land tax will be cut from 2.5% to 2.25%.

The current land tax exemption for aged care facilities, supported residential care services and rooming houses will be extended to facilities which cater for young people with disabilities from the 2009 land tax year.

Pay-roll Tax

The pay-roll tax rate was reduced from 5.05% to 4.95% from 1 July 2008. The exemption threshold remains unchanged at \$550,000.

Conveyance Duty

From 6 May 2008, the thresholds of Victoria's general and principal place of residence land transfer duty schedules were increased across the board by 10%.

In addition, the thresholds for the existing pensioner and concession cardholder land transfer duty concession were increased also by 10% (to \$330,000, phasing out at \$440,000, compared to the existing thresholds of \$300,000 and \$400,000 respectively).

Eligible first home buyers (those purchasing a home valued at up to the existing threshold for the first home bonus of \$500,000) are now able to claim both the principal place of residence stamp duty concession and the First Home Bonus payment (of \$3,000 for an established dwelling and \$5,000 for a newly constructed dwelling).

The principal place or residence concession applies to homes valued between \$130,000 and \$550,000 and provides a maximum saving of \$3,100 relative to

the general land transfer duty for homes valued between \$440,000 and \$550,000.

In addition, a regional bonus of \$3,000 will be available to first home buyers who purchase a newly constructed dwelling in regional Victoria. This measure applies to contracts entered into between 6 May 2008 and 30 June 2009 only.

Queensland

Land Tax

New land tax scales apply for 2008-09 for both individuals and companies. For resident individual land taxpayers, the tax payable at the first threshold (\$600,000) will be reduced from \$1,200 to \$500. For companies, trustees or absentees, the tax payable at the first threshold (\$350,000) will be reduced from \$2,250 to \$1,450. The number of thresholds and rates for both scales has been reduced and simplified, representing a small reduction in land tax.

Conveyance Duty

The first home buyer transfer duty exemption threshold was increased from \$320,000 to \$350,000 from 1 July 2008, and further increased to \$500,000 from 1 September 2008. The principal residence concessional rate of 1% will apply to the first \$350,000 (up from \$320,000).

The general duty scale applying from 1 July 2008 was revised to provide a reduction in duty for lower value properties and an increase in duty for higher value properties.

Pay-roll Tax

The effective pay-roll tax rate slides from 0% to 4.75%. Currently, the first \$1,000,000 exemption is phased out between \$1,000,000 and \$4,000,000. For 2008-09, the phase out range will be increased to between \$1,000,000 and \$5,000,000.

Mortgage Duty

The abolition of mortgage duty was brought forward to 1 July 2008 (instead of 1 January 2009).

Concessions for Seniors

A package of concessions will apply to older persons when they are required to make changes to their living arrangements. These concessions include:

- extending the transfer duty concession to retirement village residents who adopt lease or sub-lease occupancy arrangements;
- extending the land tax exemption for retirement villages to aged care facilities; and
- reducing the application of retrospective assessment of land tax on the subdivision of a principal place of residence.

South Australia

Pay-roll Tax

The pay-roll tax threshold was increased from \$504,000 to \$552,000 from 1 July 2008, and will be further increased to \$600,000 from 1 July 2009. The pay-roll tax rate will be reduced from 5.00% to 4.95% from 1 July 2009.

Conveyance Duty

The existing first home buyer concession on stamp duty will be replaced by a grant of \$4,000 for a first home valued up to \$400,000 (phasing out at \$450,000).

Wagering Tax

SA TAB wagering tax on racing will be phased out by 1 July 2012 and replaced with correspondingly higher distributions from SA TAB to the racing codes.

Tasmania

Casino Tax

From 1 July 2013, a single flat rate of 25.88% will apply to all gross profit on gaming machines, replacing the current two-tiered rates.

Pay-roll Tax

From 1 July 2008, Tasmania's pay-roll tax arrangements will mirror those in Victoria and New South Wales, except the tax-free threshold and the rate of tax.

Conveyance Duty

From 1 July 2008, duty on non-real property (business) conveyances will be abolished.

Australian Capital Territory

Pay-roll Tax

The pay-roll tax exemption threshold was increased from \$1.25 million to \$1.5 million from 1 July 2008. The pay-roll tax rate remains unchanged at 6.85%.

Conveyance Duty

People on aged or disability pensions and Veteran's Gold Card holders will receive a one-off stamp duty exemption when they purchase a property valued at up to the median house price. This initiative is for a period of three years from 1 July 2008.

From 6 May 2008, the income threshold for the Home Buyer Concession Scheme will increase from \$100,000 to \$120,000. Eligible home buyers (including first home buyers) who meet property value (up to \$310,000) and income tests pay nominal duty of \$20. The concession then phases out for properties valued between \$310,000 and \$390,000.

Northern Territory

Pay-roll Tax

The pay-roll tax rate was reduced from 6.2% to 5.9% from 1 July 2008, with the exemption threshold unchanged at \$1.25 million.

Conveyance Duty

The first home buyer stamp duty exemption threshold was increased from \$350,000 to \$385,000 from 6 May 2008.

The lowest rate of stamp duty on conveyances was reduced to 1.5% (from 2.1%), the highest rate of stamp duty was reduced to 4.95% (from 5.4%) and the threshold at which this rate applies was increased from \$500,000 to \$525,000. Under the Northern Territory's linear stamp duty scale these rate and threshold changes result in stamp duty savings across all dutiable values.

Trade-up homebuyers in the Northern Territory receive a stamp duty reduction of up to \$2,500. As a result of the announced rate and threshold changes these homebuyers will pay no duty on the first \$111,850 of the property value (up from \$92,500).

The transfer of exploration licenses and exploration retention licenses will be treated as land for conveyance duty purposes.