



Department of Treasury and Finance
Government of Western Australia

Overview of State Taxes Western Australia 2003-04

March 2004

**Overview of State Taxes
Western Australia
2003-04**

March 2004

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

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

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

ISSN 1443-1904

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Introduction

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

The main body of the document provides the following information on major taxation categories:

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

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

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

Appendix 1 provides a summary of *tax changes* introduced by the States and Territories in the 2003-04 round of State Budgets.

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

Appendix 3 provides a summary of changes stemming from the Western Australian Review of State Business Taxes.

This publication can be downloaded from the following Internet site:

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

Summary Table

STATE TAXES IN WESTERN AUSTRALIA				
	2001-02	2002-03	2003-04	As a % of
	Actual	Actual	MYR Est (a)	Total
	\$ million	\$ million	\$ million	
BUSINESS				
Pay-roll Tax	900.1	1,003.4	1,101.7	28.8%
Stamp Duty on Rental Business	23.5	24.7	27.0	0.7%
FINANCIAL TRANSACTIONS				
Financial Institutions Duty	15.8	1.7	0.0	0.0%
Debits Tax	96.4	95.3	96.0	2.5%
Stamp Duty on Insurance Policies	176.2	220.2	279.0	7.3%
Stamp Duty on Mortgages	85.2	95.6	102.0	2.7%
Stamp Duty on Marketable Securities	9.3	6.4	4.0	0.1%
Stamp Duty on Cheques	5.2	4.6	3.0	0.1%
Stamp Duty on Leases	10.9	11.6	6.5	0.2%
GAMBLING				
Lotteries Commission	71.5	74.9	73.5	1.9%
Casino Tax	16.2	16.5	18.5	0.5%
TAB Betting Tax	24.8	26.9	28.3	0.7%
Other	0.5	0.5	0.5	0.0%
MOTOR VEHICLES				
Stamp Duty on Vehicle Licences	180.7	231.7	240.5	6.3%
Motor Vehicle Registrations	272.1	298.6	298.0	7.8%
Motor Vehicle Recording Fee	38.3	41.5	41.4	1.1%
PROPERTY				
Stamp Duty on Conveyances	647.4	833.3	1,061.9	27.7%
Land Tax	225.7	259.6	277.0	7.2%
Metropolitan Region Improvement Tax	37.8	38.9	42.5	1.1%
OTHER				
Emergency Services Levy	0.0	0.0	75.5	2.0%
Contributions to Fire Brigades	63.9	68.9	30.5	0.8%
Employer Indemnity Levy	26.6	19.0	6.0	0.2%
Loan Guarantee Fees	9.6	10.0	10.1	0.3%
Other	16.9	14.1	4.4	0.1%
TOTAL STATE TAXATION	2,945.0	3,387.7	3,827.7	100.0%
<small>(a) Mid-year review estimates published in December 2003.</small>				

Business Taxes

Pay-roll Tax

Pay-roll tax is paid monthly by employers on the basis of total wages (including employer-funded superannuation benefits and other fringe benefits) paid to employees, generally in the preceding month. It is collected under the *Pay-roll Tax Assessment Act 2002* and *Pay-roll Tax Act 2002*, which are administered by the Office of State Revenue.

Rate of Tax

As part of the reform of State business taxes, a single marginal tax rate of 6% replaced the previous multiple rate scale from 1 July 2003. This single rate applies to the pay-rolls of liable businesses only on the excess above the pay-roll exemption threshold of \$750,000 per annum:

Annual Pay-roll \$	Tax Rate %
0 – 750,000	Nil
Over 750,000	6% x (Annual Payroll - 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.

Interstate Comparison

PAY-ROLL TAX SCALES

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
Exemption Threshold \$	750,000	600,000	550,000	850,000	504,000	1,010,000	600,000	1,250,000
Max Rate %	6.00	6.00	5.25	4.75	5.67	6.10	6.20	6.85
Tax Scale	Marginal rate of 6.00% of pay-roll in excess of \$750,000	Marginal rate of 6.00% of pay-roll in excess of \$600,000	Marginal rate of 5.25% of pay-roll in excess of \$550,000	Average rate slides from 0 % at \$850,000 to 4.75% at \$3.4m	Marginal rate of 5.67% of pay-roll in excess of \$504,000	Marginal rate of 6.10% of pay-roll in excess of \$1,010,000	Marginal rate of 6.2% of pay-roll in excess of \$600,000	Marginal rate of 6.85% of pay-roll in excess of \$1,250,000

TAX PAYABLE AT SELECTED PAY-ROLLS

Annual Pay-roll \$	WA \$	NSW \$	VIC \$	QLD \$	SA \$	TAS \$	NT \$	ACT \$
700,000	-	6,000	7,875	-	11,113	-	6,200	-
1,000,000	15,000	24,000	23,625	9,500	28,123	-	24,800	-
2,000,000	75,000	84,000	76,125	72,833	84,823	60,390	86,800	51,375
3,000,000	135,000	144,000	128,625	136,167	141,523	121,390	148,800	119,875
5,000,000	255,000	264,000	233,625	237,500	254,923	243,390	272,800	256,875
10,000,000	555,000	564,000	496,125	475,000	538,423	548,390	582,800	599,375
20,000,000	1,155,000	1,164,000	1,021,125	950,000	1,105,423	1,158,390	1,202,800	1,284,375

AVERAGE TAX RATES

Annual Pay-roll \$	WA %	NSW %	VIC %	QLD %	SA %	TAS %	NT %	ACT %
700,000	-	0.86	1.13	-	1.59	-	0.89	-
1,000,000	1.50	2.40	2.36	0.95	2.81	-	2.48	-
2,000,000	3.75	4.20	3.81	3.64	4.24	3.02	4.34	2.57
3,000,000	4.50	4.80	4.29	4.54	4.72	4.05	4.96	4.00
5,000,000	5.10	5.28	4.67	4.75	5.10	4.87	5.46	5.14
10,000,000	5.55	5.64	4.96	4.75	5.38	5.48	5.83	5.99
20,000,000	5.78	5.82	5.11	4.75	5.53	5.79	6.01	6.42

1. *Changes to Rate Scale since 1982*

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

	Exemption Threshold \$	Top Threshold \$	Minimum Tax Rate %	Maximum Tax Rate %
1 Jan 1982	102,000	201,000	5.00	5.00
1 Jan 1983	125,000	256,000	5.00	5.00
1 Jan 1984	160,000	400,000	5.00	5.00
1 Jan 1985	200,000	800,000	4.75	4.75
1 Jan 1986	220,000	1,408,000	4.00	4.75
1 Aug 1986	250,000	1,800,000	3.75	5.75
1 Jan 1988	275,000	1,980,000	3.75	5.75
1 Jan 1989	295,000	2,124,000	3.75	5.75
1 Nov 1989	300,000	2,500,000	3.95	6.00
1 Jan 1991	320,000	2,666,667	3.95	6.00
1 Jun 1992	350,000	2,916,667	3.95	6.00
1 Dec 1992	375,000	3,125,000	3.95	6.00
1 Jan 1994	450,000	3,750,000	3.95	6.00
1 Jul 1994	550,000	4,583,333	3.95	6.00
1 Jul 1995	600,000	5,000,000	3.95	6.00
1 Jul 1996	625,000	5,208,333	3.95	6.00
1 Jul 1997	675,000	5,625,000	3.65	5.56
1 Jan 2002	675,000	5,625,000	3.65	6.00
1 July 2003	750,000	No threshold		6.00

Changes to the Pay-roll Tax Base since 1982

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

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

The pay-roll tax base was extended to the grossed up value of taxable fringe benefits from 1 January 2002, and to eligible termination payments from 1 July 2003.

Changes to Concessions since 1982

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

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

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

Pay-roll Tax Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	573.3	8.4	740.8	6.1
1994-95	589.4	2.8	735.8	-0.7
1995-96	635.9	7.9	764.0	3.8
1996-97	679.1	6.8	804.9	5.3
1997-98	723.5	6.5	859.6	6.8
1998-99 ^(a)	753.5	4.1	879.6	2.3
1999-00	765.7	1.6	873.5	-0.7
2000-01	823.6	7.6	891.0	2.0
2001-02	900.1	9.3	948.1	6.4
2002-03	1003.4	11.5	1,028.3	8.5
2003-04 ^(b)	1,101.7	9.8	1,101.7	7.1

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

^(b) Mid-year review estimate.

Stamp Duty on Rental Business

Stamp duty on rental business is paid by persons who are in the business of renting goods other than books or real estate. The duty is based on the rental income of the rental business. It is collected under the *Stamp Act 1921*, which is administered by the Office of State Revenue.

Rate of Duty

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

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

As part of the Review of State Business Taxes, the current rental business duty will be replaced by a hiring arrangement regime from 1 July 2004. The new regime will have a lower rate of duty on rental agreements of 1.5% for ordinary hires, and a lower rate of 0.75% will be introduced to apply to hire purchase agreements and other hires that have a term greater than 9 months.

In addition, the exemption threshold will be increased from \$25,000 to \$50,000, and only the amount of short-term hiring charges above the threshold will be subject to duty.

Consumer credit agreements (such as those offered by electrical and department stores) will remain duty free.

Exemptions and Concessions

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

Interstate Comparison

STAMP DUTY ON RENTAL BUSINESS							
WA^(a)	NSW	VIC	QLD	SA	TAS	NT	ACT
1.8% of total rental income	0.75% of commercial rentals with a min. of \$2	0.75% of rental income in excess of \$6,000 per month	0.43% of total rental income	0.75% of rental income from equipment finance	Abolished from 1 July 2002	1.8% of total rental income	0.75% of commercial rentals with a min. of \$2
	1.5% of short term and non-financial rentals			1.8% of other rental income excess of \$6,000 per month			1.5% of short term and non-financial rentals
	Max duty of \$10,000 per rental	Max duty of \$10,000 per rental				Max duty of \$9,000 per rental	Max duty of \$10,000 per rental
No duty if rental income is less than \$25,000 pa	First \$14,000 of rental income of each month is exempt for hiring at 1.5% rate	First \$6,000 of rental income of each month is exempt	No duty if total rental income is less than \$100,000 pa	No duty if total rental income is less than \$72,000 pa		No duty if rental income is less than \$90,000 pa	First \$6,000 of rental income of each month is exempt for hiring at 1.5% rate
Service costs deductible	No deductions	No deductions	No deductions	Service costs deductible		No deductions	No deductions

^(a) Current regime. New arrangements to apply from 1 July 2004 (see text).

Changes to the Rates since 1982

The current rental business duty will be replaced by a hiring arrangement regime from 1 July 2004.

Changes to Concessions since 1982

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

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

Stamp Duty Collections from Rental Business

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	15.0	1.9	19.4	-0.3
1994-95	14.8	-1.7	18.5	-5.0
1995-96	17.0	15.0	20.4	10.7
1996-97	19.2	13.2	22.8	11.7
1997-98	20.3	5.5	24.1	5.7
1998-99 ^(a)	21.6	6.4	25.2	4.5
1999-00	22.0	1.9	25.1	-0.5
2000-01	23.1	5.0	25.0	-0.4
2001-02	23.5	1.7	24.8	-0.9
2002-03	24.7	5.1	25.3	2.3
2003-04 ^(b)	27.0	9.3	27.0	6.7

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

^(b) Mid-year review estimate.

Financial Transactions Taxes

Debits Tax

Debits tax is levied on all withdrawals (including cash withdrawals) from accounts on which cheques can be drawn. The tax was transferred by the Commonwealth to State governments from 1 January 1991. In Western Australia, it is collected under the *Debits Tax Act 2002* and the *Debits Tax Assessment Act 2002*, which are administered by the Office of State Revenue.

As part of the reform of State business taxes, debits tax will be abolished from 1 July 2005.

Rate of Tax

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

Exemptions

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

Interstate Comparison

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

Changes in Tax Rates since 1982

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

Debits Tax Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	47.3	11.2	61.1	8.8
1994-95	51.3	8.5	64.1	4.8
1995-96	54.5	6.2	65.4	2.2
1996-97	56.3	3.3	66.7	1.9
1997-98	107.4	90.7	127.6	91.2
1998-99 ^(a)	108.3	0.9	126.4	-0.9
1999-00	103.2	-4.7	117.7	-6.9
2000-01	99.8	-3.3	108.0	-8.3
2001-02	96.4	-3.4	101.5	-5.9
2002-03	95.3	-1.1	97.7	-3.8
2003-04 ^(b)	96.0	0.7	96.0	-1.7

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

^(b) Mid-year review estimate..

Stamp Duty on Insurance Policies

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

Rate of Tax

Type of Insurance	Rate of Duty
General and Compulsory Third Party insurance	10% of premium
Workers' Compensation Insurance (duty to be abolished from 30 June 2004)	3% of premium for employers with an annual payroll of \$750,000 or less 5% of premium for other employers
Life Insurance (duty to be abolished from 1 July 2004):	
– temporary or term insurance	5% of premium or 5% of the premium for the first year if the policy continues for more than the first year
– other life insurance	\$0.05 per \$100 assured up to \$2,000 \$0.10 per \$100 assured over \$2,000

Exemptions and Concessions

Insurance of risks associated with the transport of goods and commercial marine hulls is exempt from stamp duty. Health insurance and superannuation policies are also exempt. Lower rates of duty apply to workers' compensation insurance and life insurance (duty on these policies will be abolished from 30 June 2004 and 1 July 2004 respectively).

Interstate Comparison

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

^(a) Current regime. To be abolished from 1 July 2004 (see text)

Changes to the Rates since 1982

Stamp duty on life insurance was introduced from 1 November 1983. The stamp duty rate on general insurance policies was increased from 5% to 8% from 1 July 1998, and was further increased to 10% from 1 July 2003.

The concessional rate for workers' compensation insurance was increased from 3% to 5% from 1 July 1998.

From 30 June 2001, the concessional rate for workers' compensation insurance was reduced from 5% to 3% for employers who were exempt from pay-roll tax (the current pay-roll tax exemption threshold is \$750,000). The 5% rate remains unchanged for other employers.

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

As part of the reform of State business taxes, stamp duty on workers' compensation insurance will be abolished from 30 June 2004, and stamp duty on life insurance policies will be abolished from 1 July 2004.

Changes to Concessions since 1982

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

Stamp Duty Collections from Insurance Policies

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	59.0	16.7	76.2	14.3
1994-95	62.5	5.9	78.0	2.4
1995-96	68.4	9.4	82.2	5.3
1996-97	70.4	3.0	83.5	1.6
1997-98	73.6	4.5	87.5	4.8
1998-99 ^(a)	110.0	49.4	128.4	46.8
1999-00	139.3	26.6	158.9	23.8
2000-01	155.9	11.9	168.7	6.1
2001-02	176.2	13.0	185.6	10.0
2002-03	220.2	25.0	225.7	21.6
2003-04 ^(b)	279.0	26.7	279.0	23.6

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

^(b) Mid-year review estimate.

Stamp Duty on Mortgages

Stamp duty on mortgages and other securities is paid by the borrower (i.e. the 'mortgagor') on the basis of the amount secured. The duty is collected under the *Stamp Act 1921*, which is administered by the Office of State Revenue.

Rate of Duty

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

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

Exemptions and Concessions

Universities and charities.

Interstate Comparison

MORTGAGE DUTY RATES ON AMOUNTS SECURED							
WA^(a)	NSW^(b)	VIC^(c)	QLD^(d)	SA	TAS^(c)	NT	ACT
Minimum duty \$20	\$5 up to \$16,000	\$4 below \$10,000	\$0.40 per \$100	Nil below \$400	\$20 below \$8,000	Nil	Nil below \$1m
\$0.25 per \$100 for owner-occupied home loans	\$0.40 per \$100 above \$16,000	\$0.80 per \$200 above \$10,000		\$10 up to \$6,000	\$0.25 per \$100 between \$8,000 and \$10,000		Duty applies to business loans of \$1m or more
\$0.40 per \$100 for other loans		(Vic will abolish this duty from 1 July 2004)		\$0.45 (business)/\$0.35 (home) per \$100 per \$6,000	\$0.35 per \$100 above \$10,000		\$2,000 plus \$0.20 per \$100 above \$1m

- a) A concessional duty rate of \$0.25 per \$100 applies to all owner-occupied residential loans irrespective of the amount.
- b) Exemptions available for loan refinancings, additional advances of up to \$10,000 in any 12 month period and first home purchases within certain value ranges.
- c) Loan refinancings are exempt from duty in Victoria and Tasmania. Victoria will abolish this duty from 1 July 2004.
- d) First \$100,000 of a first home loan is exempt from duty. First \$70,000 of all other home loans is exempt. First \$100,000 of a loan refinancing for a principal place of residence is also exempt from duty.

Queensland has announced an intention to extend the mortgage duty exemption for first home loans from the first \$100,000 to the first \$250,000.

MORTGAGE DUTY PAYABLE ON SELECTED AMOUNTS BORROWED (\$)

Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
20,000	80	21	44	80	73	60	Nil	Nil
50,000	200	141	164	200	208	165		
100,000	400	341	364	400	433	340		
250,000	1,000	941	964	1,000	1,108	865		
500,000	2,000	1,941	1,964	2,000	2,233	1,740		
1,000,000	4,000	3,941	3,964	4,000	4,483	3,490		

Changes to the Rate Scale since 1982

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

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

Changes to Concessions since 1982

Nil.

Stamp Duty Collections from Mortgages

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	49.1	27.8	63.4	25.1
1994-95	54.4	10.9	68.0	7.2
1995-96	51.1	-6.2	61.3	-9.7
1996-97	55.5	8.7	65.8	7.2
1997-98	72.9	31.4	86.7	31.8
1998-99 (a)	61.3	-16.0	71.6	-17.4
1999-00	68.2	11.3	77.8	8.7
2000-01	74.7	9.5	80.8	3.9
2001-02	85.2	14.1	89.7	11.1
2002-03	95.6	12.2	98.0	9.2
2003-04 (b)	102.0	6.6	102.0	4.1

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

(b) Mid-year review estimate.

Stamp Duty on Marketable Securities

Up until 1 January 2004, stamp duty was payable on transfers of marketable securities in private companies and trusts, and in public companies and trusts where the securities are not quoted on the Australian Stock Exchange (ASX) or another recognised stock exchange.

As part of the Review of State Business Taxes, this duty was abolished from 1 January 2004 .

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

Rate of Duty

Nil (as the duty was abolished from 1 January 2004). Previously, the rate was 60 cents/\$100 for unquoted securities, payable by purchasers.

Interstate Comparison

The same rate of duty applied in all States and Territories, except for both Victoria and Tasmania, which abolished the duty from 1 July 2002.

Exemptions and Concessions

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

Changes to the Rate since 1982

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

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

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

From 1 January 2004, the duty on unlisted securities was abolished.

Changes to Concessions since 1982

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

In 1987, the 2 day stamp duty exemption period for stockbrokers acting on their own behalf was increased to 10 days.

Stamp Duty Collections from Marketable Securities

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	35.8	127.1	46.3	122.3
1994-95	29.9	-16.4	37.4	-19.2
1995-96	22.1	-26.2	26.6	-29.0
1996-97	24.3	9.7	28.7	8.2
1997-98	25.2	3.8	29.9	4.0
1998-99 ^(a)	24.9	-1.1	29.1	-2.8
1999-00	42.2	69.5	48.1	65.6
2000-01	57.7	36.7	62.4	29.7
2001-02	9.3	-83.9	9.8	-84.3
2002-03	6.4	-31.2	6.6	-33.0
2003-04 ^(b)	4.0	-37.5	4.0	-39.0

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

^(b) Mid-year review estimate.

Gambling Taxes

Lotteries Commission

The Lotteries Commission raises money through sales of Lotto, Soccer Pools, Cash3 and instant lotteries for distribution to hospitals and community organisations, and for sports and cultural activities.

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

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

Interstate Comparison

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

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

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

NT NT's Tattersall's lotteries and soccer pool subscriptions are collected on behalf of the NT by Victoria. Victoria pays 100% of the duty from subscriptions to the NT. All funds received are paid into the Lotteries Fund Account, where payments are made to charitable organisations or transferred to the CF and Sports and Recreational Development Fund.

57.52% of player loss attributable to the NT for Soccer Pools.

ACT Subscriptions are collected on behalf of the ACT by Victoria (79.4% of player loss) and NSW (66.1% of player loss). 57.52% of Soccer Pool player loss.

Changes in Lotteries Commission's Products since 1981

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

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

Lotteries Surpluses

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	54.1	-39.5	69.9	-40.8
1994-95	71.1	31.4	88.8	27.0
1995-96	78.6	10.5	94.4	6.4
1996-97	84.2	7.1	99.8	5.7
1997-98	79.1	-6.0	94.0	-5.8
1998-99 (a)	84.9	7.3	99.1	5.5
1999-00	86.4	1.8	98.6	-0.6
2000-01	73.9	-14.5	79.9	-18.9
2001-02	71.5	-3.2	75.3	-5.8
2002-03	74.9	4.8	76.8	1.9
2003-04 (b)	73.5	-1.9	73.5	-4.3

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

(b) Mid-year review estimate.

GST Re-imburements

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

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

In regard to the Lotteries Commission, the re-imburement to the Lotteries Commission was about \$15.4 million in 2000-01 (the first year) increasing to about \$18.9 million in 2002-03. The revenue in the above table is net of these GST re-imburements.

Casino Tax

Casino tax is payable each month by the casino licence holder based on the gross revenue (total bets placed less winnings paid out) generated by the casino in the preceding month. Casino tax is collected by the Department of Racing, Gaming and Liquor under the *Casino (Burswood Island) Agreement Act 1985* and the *Casino Control Act 1984*.

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

Rate of Tax

From 24 December 2003, casino tax is being levied at the following rates:

Category	Rate of Duty		
	From 24 Dec 2003	From 24 Dec 2004	From 24 Dec 2006
Electronic gaming machines	18%	20%	20%
Table games (including Keno)	16%	17%	18%
International commission business	13%	12%	11%

An additional 1% is paid to the Burswood Park Board for upkeep of the Park. An annual licence fee of approximately \$2.06 million is also payable in advance in four quarterly instalments to the Gaming Commission to defray its running costs. The annual licence fee is adjusted for inflation each year.

Exemptions and Concessions

Nil

Interstate Comparison

CASINO TAX RATES	
WA	From 24 December 2003: 18% of electronic gaming machines gross revenue, 16% of table games (including keno) gross revenue and 13% of international commission business gross revenue. Plus 1% levy (or \$1m, whichever is the greater) for the upkeep of Burswood Park.
NSW	13.41% of gross revenue (i.e. player loss) from slots and 10.91% of gross revenue from table gaming. Plus super tax on table revenue above \$265.6m p.a. at 1% for each \$6.6m to a max of 35.91%. Plus community benefit levy of 2% on gross gaming revenue (excluding high roller revenue). International high roller program has been suspended.
VIC	21.25% of gross revenue, plus 1% super tax for each \$20m gross revenue above \$500m p.a. (CPI adjusted from 1994), to a max super tax of 20% on gross revenue over \$880m (CPI adjusted from 1994). 9% of gross revenue applies to high roller tables, plus super tax of 1% for each \$20m of gross revenue over \$160m (CPI adjusted) up to a max of 21.25% on gross revenue over \$380m (CPI adjusted). 1% community benefit levy.
QLD	For non-premium players: 20% of gross revenue (i.e. player loss) for Brisbane and Gold Coast casinos; 10% of gross revenue for Townsville and Cairns casinos.

For premium players: 10% for Brisbane and Gold Coast casinos; 8% for Townsville and Cairns casinos. Community benefit levy of 1% of gross revenue applies to all casinos.

SA	0.91% of net table gambling revenue (i.e. player loss) plus 34.41% of net gaming machine revenue.
TAS	0.88% of gross profit on keno and table gaming. 25.88% of gross profit on gaming machines.
NT	8% for Lasseters, 22.5% of gross profit for poker machines, 12% of gross profit for general games for MGM Grand and 4% for international sourced bets on internet casino.
ACT	20% of gross revenue (i.e. player loss). 10% of gross revenue for junket operations.

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

CASINO LICENCE FEES

WA	One-off payment of \$20.6m for the security of the licence. \$2.06m p.a. payable in four instalments in advance, indexed annually.
NSW	A one-off non-refundable payment of \$376m.
VIC	\$358.4m fully paid.
QLD	\$152,691 per quarter, indexed.
SA	Nil
TAS	\$2.7m p.a., indexed annually.
NT	Nil
ACT	\$658,372 p.a., indexed annually

Changes to the Tax Rate or Concessions since 1982

Nil.

Casino Tax Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	51.5	38.9	66.6	35.9
1994-95	58.9	14.3	73.5	10.4
1995-96	65.2	10.7	78.3	6.5
1996-97	59.1	-9.3	70.0	-10.5
1997-98	54.8	-7.2	65.2	-7.0
1998-99 (a)	47.7	-13.0	55.7	-14.5
1999-00	43.3	-9.2	49.4	-11.3
2000-01	18.6	-57.0	20.1	-59.3
2001-02	16.2	-12.9	17.1	-15.2
2002-03	16.5	1.9	16.9	-0.9
2003-04 (b)	18.5	12.1	18.5	9.4

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

(b) Mid-year review estimate..

GST Re-imburements

As part of national tax reform, the States agreed to adjust their gambling tax arrangements from 1 July 2000 to 'make room' for the GST. In regard to casino tax, rebates of \$23.6 million, \$27.9 million and \$21.5 million were paid in 2000-01, 2001-02 and 2002-03 respectively to the operators to compensate for their GST liability. The revenue in the above table is net of these GST re-imburements.

Betting Taxes

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

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

The TAB Betting Tax is collected by the Office of State Revenue under the *Totalisator Agency Board Betting Tax Act 1960*. The Bookmakers' Betting Levy is collected under the *Bookmakers Betting Levy Act 1954*.

On a Government Finance Statistics' basis, the revenue from TAB betting tax is net of GST rebate arrangements.

Rate of Tax

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

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

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

Exemptions and Concessions

Nil.

Interstate Comparison

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

(a) 19.11% of player loss.

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

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

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

(e) Tax abolished 1 August 2000.

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

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

Changes to the Rate Scale since 1982

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

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

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

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

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

TAB Betting Tax Collections

Western Australia

	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	34.4	11.7	44.4	9.3
1994-95	37.0	7.7	46.2	4.0
1995-96	39.2	5.9	47.1	1.9
1996-97	34.0	-13.3	40.3	-14.5
1997-98	36.3	6.7	43.1	7.0
1998-99 (a)	38.8	6.9	45.3	5.0
1999-00	39.9	2.8	45.5	0.5
2000-01	27.9	-30.1	30.2	-33.7
2001-02	24.8	-11.1	26.1	-13.4
2002-03	26.9	8.5	27.6	5.5
2003-04 (b)	28.3	5.1	28.3	2.6

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

(b) Mid-year review estimate.

GST Re-imburements

As part of national tax reform, the States agreed to adjust their gambling tax arrangements from 1 July 2000 to 'make room' for the GST. The GST re-imburement for the TAB amounted to \$14.8 million in 2000-01, \$19.4 million in 2001-02, and \$21.0 million in 2002-03. The revenue in the above table is net of these GST re-imburements.

Motor Vehicles

Stamp Duty on Motor Vehicle Licences

Stamp duty on motor vehicle licence transfers (including new registrations) is paid by the purchaser of the new or used vehicle based on the market value of the vehicle at the time of registration or licence transfer. The duty is collected by the Licensing Division of the Department of Planning and Infrastructure on behalf of the Office of State Revenue. The relevant pieces of legislation are the *Stamp Act 1921* and the *Road Traffic Act 1974*, which are administered by the Office of State Revenue and the Department for Planning and Infrastructure respectively.

Rate of Tax

New Heavy Vehicles (over 4.5 tonnes)

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

Used Heavy Vehicles

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

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

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

Other Vehicles

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

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

Exemptions and Concessions

Transfers of vehicles to dealers for re-sale are exempt from duty, as are purchases of all vehicles exempt from annual licence fees under the *Road Traffic Act 1974* (includes certain off-road vehicles used in farming and mining, government vehicles and vehicles purchased by certain charities).

*Interstate Comparison***STAMP DUTY ON MOTOR VEHICLES (BASED ON MARKET VALUES)¹**

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

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

STAMP DUTY ON SELECTED VEHICLE VALUES

Vehicle Value	WA	NSW	VIC		QLD	SA		TAS	
	Non-heavy		New	Used		Commercial	Other	Passenger	Other
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5,000	138	150	125	200	100	120	140	150	150
10,000	275	300	250	400	200	270	340	300	300
20,000	700	600	500	800	400	570	740	600	600
30,000	1,500	900	750	1,200	600	870	1,140	900	900
45,000	2,925	1,350	2,250	1,800	900	1,320	1,740	1,800	1,350
60,000	3,900	2,100	3,000	2,400	1,200	1,770	2,340	2,400	1,800
80,000	5,200	3,100	4,000	3,200	1,600	2,370	3,140	3,200	2,400

Changes to the Rate of Duty since 1982

From 1 November 1983, the rate of stamp duty on motor vehicle licence transfers was increased from \$1.50 to \$3.00 per \$100 of vehicle value. The maximum duty ceiling was also removed at that time.

From 1 July 1999, the rate of stamp duty was changed from a single flat rate to a three tiered scale ranging from 2.5% to 5.0%.

From 1 July 2002, the rate of stamp duty was changed to three scales (one for new heavy vehicles, one for used heavy vehicles, and one for other vehicles as shown above).

Stamp Duty Collections from Motor Vehicle Licence Transfers

Western Australia

	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	105.5	19.8	136.3	17.3
1994-95	117.9	11.7	147.2	8.0
1995-96	124.6	5.7	149.7	1.7
1996-97	131.7	5.7	156.1	4.3
1997-98	139.2	5.6	165.3	5.9
1998-99 ^(a)	138.0	-0.8	161.1	-2.6
1999-00	160.2	16.1	182.8	13.4
2000-01	161.1	0.6	174.3	-4.6
2001-02	180.7	12.2	190.3	9.2
2002-03	231.7	28.2	237.5	24.8
2003-04 ^(b)	240.5	3.8	240.5	1.3

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

^(b) Mid-year review estimate.

Motor Vehicle Licence Fees

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

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

Current Licence Fees

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

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

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

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

Licence Fee Exemptions and Concessions

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

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

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

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

Interstate Comparison

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

MOTOR VEHICLE LICENCE FEES^(a)								
	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.	\$ p.a.
Holden Commodore								
Family Use	194.90	291.00	157.00	287.80	161.00	186.05	152.00	320.00
Business Use	222.90	467.00	157.00	287.80	161.00	186.05	152.00	496.00

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

Changes in Licence Fees since 1982

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

The 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) on 1 July 1998. From 1 July 1999, licence fees have been indexed by the movements in Perth consumer price index.

MOTOR VEHICLE LICENCE FEES SINCE 1983

Year	Holden Commodore	
	Family \$ p.a.	Business \$ p.a.
1983	65.56	65.56
1986	74.10	74.10
1989	78.44	78.44
1993	70.84	97.86
1997	85.00	117.40
1998	164.00	192.00
1999	168.15	196.15
2000	172.16	200.16
2001	182.08	210.08
2002	188.32	216.32
2003	194.90	222.90

Changes in Concessions since 1982

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

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

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

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

Motor Vehicle Licence Fee Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	96.4	3.6	124.5	1.4
1994-95	99.5	3.3	124.3	-0.2
1995-96	102.5	3.0	123.2	-0.9
1996-97	113.2	10.3	134.1	8.9
1997-98	138.8	22.7	165.0	23.0
1998-99 (a)	239.6	72.6	279.7	69.5
1999-00	227.9	-4.9	260.0	-7.1
2000-01	253.8	11.4	274.6	5.6
2001-02	272.1	7.2	286.6	4.4
2002-03	298.6	9.7	306.0	6.8
2003-04 (b)	298.0	-0.2	298.0	-2.6

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

(b) Mid-year review estimate.

Property Taxes

Stamp Duty on Conveyances

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

Rate of Tax

The following scale applies from 1 July 2003:

Property Value	Rate of Duty
\$0 to \$80,000	\$2.30 per \$100 or part thereof
\$80,001 to \$100,000	\$1,840 and \$3.45 per \$100 above \$80,000
\$100,001 to \$250,000	\$2,530 and \$4.75 per \$100 above \$100,000
\$250,001 to \$500,000	\$9,655 and \$5.90 per \$100 above \$250,000
Above \$500,000	\$24,405 and \$6.30 per \$100 above \$500,000

Exemptions and Concessions

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

The purchase of a small business or principal place of residence below \$100,000 is subject to a concessional rate of duty of 1.5%. The concessional rate phases out for properties valued between \$100,000 and \$135,000. Additionally, first home buyers whose purchases are below \$185,000, or \$277,500 north of the 26th parallel, can claim a \$500 stamp duty rebate, or the amount of duty chargeable, whichever is the lesser amount. First home land purchases below \$72,000 are also eligible for a rebate of up to \$500.

Interstate Comparison

CONVEYANCE DUTY SCALES								
	WA	NSW	VIC	QLD	SA	TAS	NT ^(a)	ACT
Min Rate (%)	2.3	1.25	1.4	1.5	1.0	1.5 ^(b)	2.1	2.00
Min Threshold (\$'000)	0	0	0	0	0	1.3	0	0
Max Rate (%)	6.3	5.5	5.5	3.75	5.5	4.0	5.4	6.75
Max Threshold (\$'000)	500	1,000	870	500	500	225	500	1,000

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

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

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

CONVEYANCE DUTY PAYABLE ON SELECTED LAND VALUES								
Property Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
\$'000	\$	\$	\$	\$	\$	\$	\$	\$
50	1,150	765	1,000	975	1,080	1,050	1,213	1,000
100	2,530	1,990	2,200	2,350	2,830	2,425	2,750	2,000
150	4,905	3,740	4,660	3,975	4,830	3,925	4,613	3,750
250	9,655	7,240	10,660	7,225	8,955	7,550	9,313	7,500
500	24,405	17,990	25,660	15,975	21,330	17,550	26,750	20,500
1,000	55,905	40,490	55,000	34,725	48,830	37,550	54,000	49,250
5,000	307,905	260,490	275,000	184,725	268,830	197,550	270,000	319,250

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

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

- WA** Any purchaser of a principal place of residence valued at less than \$100,000 is entitled to a concessional rate of duty of 1.5%. The concessional rate phases out for properties valued between \$100,000 and \$135,000. First home buyers whose purchases are below \$185,000, or \$277,500 north of the 26th parallel, can additionally claim a \$500 stamp duty rebate. First home land purchases below \$72,000 (regardless of location) are also eligible for a rebate of up to \$500.
- A concessional mortgage duty rate of 0.25% (normally 0.4% on amounts above \$35,000) applies to all owner-occupied residential mortgages irrespective of the amount.
- NSW** The First Home Plus Scheme applies to contracts signed on or after 1 July 2000. Under this scheme, all first home buyers receive a total exemption from conveyance duty and mortgage duty for metropolitan property values up to \$200,000 and for non-metropolitan property values up to \$175,000.

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

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

VIC A first home buyer conveyance duty exemption applies on properties up to \$150,000. The exemption reduces from \$150,000 and phases out at \$200,000. This concession is available only to a home buyer with at least one dependent child.

A full pensioner conveyance duty exemption applies to properties up to \$150,000. The exemption reduces from \$150,000 and phases out at \$200,000. Applicants must be holders of Commonwealth concession cards.

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

Victoria will abolish mortgage duty from 1 July 2004.

QLD A conveyance duty exemption applies to the first \$80,000, and a concessional rate applies to the excess up to \$250,000.

A mortgage duty exemption applies on the first \$100,000 of the purchase price if the home is a first home, and \$70,000 for other homes. Standard duty rates apply to the balance.

There is also an exemption on the refinancing of the first \$100,000 outstanding under a mortgage secured on the borrower's principal place of residence.

Queensland has recently announced an intention to raise the threshold for the stamp duty exemption from \$80,000 to \$250,000. The stamp duty concession will phase out gradually between \$250,000 and \$500,000. Also, the first home buyer's mortgage duty exemption will be extended to the first \$250,000.

SA For first home buyers, a full exemption applies for a home valued at \$80,000 or under. Thereafter, the value of the concession is reduced on a pro-rata basis to nil as the home value increases from \$80,000 to \$130,000.

A lower rate of mortgage duty applies to owner-occupiers (35c/\$100 instead of 45c/\$100).

TAS Where the value of the property does not exceed \$120,000, a first home buyer can apply for an interest free loan, repayable on a quarterly basis over two years, to pay both conveyance and mortgage duty.

NT All first home buyers receive a duty concession on the first \$125,000 of the value of a home purchase (regardless of value). For a principal place of residence, duty is reduced by a maximum of \$1,500.

There is no mortgage duty in the Northern Territory.

ACT A nominal \$20 duty applies to eligible home buyers for properties up to \$180,000. The concession phases out at \$250,000. There is a household income test of \$50,000 per annum.

For vacant land, the threshold value is \$80,000 with the exemptions phasing out between \$80,000 and \$93,000.

There is no mortgage duty for loans below \$1 million in the Australian Capital Territory.

Changes to the Rate Scale since 1982

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

MARGINAL TAX RATES %				
Value \$'000	From 1 Nov 1983	From 1 July 1998	From 1 July 2002	From 1 July 2003
Less than 80	1.75	1.95	2.00	2.30
80 – 100	2.50	2.85	3.00	3.45
100 – 250	3.25	3.70	4.15	4.75
250 – 500	4.00	4.55	5.15	5.90
above 500	4.25	4.85	5.50	6.30

Changes to Concessions since 1982

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

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

From 1 July 1998, the value limits were further increased from \$85,000 to \$135,000 and from \$127,500 to \$202,500 (for properties north of the 26th parallel). From 1 January 2004, the value limits were again increased from \$135,000 to \$185,000 and from \$202,500 to \$277,500 (for properties north of the 26th parallel).

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

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.

Stamp Duty Collections from Conveyances

Western Australia

	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	306.3	47.8	395.8	44.6
1994-95	294.6	-3.8	367.7	-7.1
1995-96	303.7	3.1	364.9	-0.8
1996-97	313.4	3.2	371.4	1.8
1997-98	488.9	56.0	580.9	56.4
1998-99 ^(a)	438.6	-10.3	512.0	-11.9
1999-00	516.6	17.8	589.3	15.1
2000-01	549.2	6.3	594.1	0.8
2001-02	647.4	17.9	681.9	14.8
2002-03	833.3	28.7	854.0	25.2
2003-04 ^(b)	1,061.9	27.4	1,061.9	24.3

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

^(b) Mid-year review estimate.

Land Tax

Land tax in Western Australia is levied upon the unimproved value of taxable land owned at midnight on the 30 June preceding the year of assessment and is payable annually by the land owner. It is collected under the *Land Tax Assessment Act 2002*, which is administered by the Office of State Revenue.

Rate of Tax

LAND TAX SCALE FOR 2003-04	
Unimproved Value of Land \$'000	Land Tax Payable
0 – 50	Nil
50 – 190	\$75.00+0.15 cents per \$1 above \$50,000
190 – 550	\$285.00+0.45 cents per \$1 above \$190,000
550 – 2,000	\$1,905+1.76 cents per \$1 above \$550,000
2,000 – 5,000	\$27,425+2.30 cents per \$1 above \$2,000,000
Over 5,000	\$96,425+2.50 cents per \$1 above \$5,000,000

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

Exemptions and Concessions

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

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

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

*Interstate Comparisons***LAND TAX SCALES**

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
Min Threshold	\$50,000	\$317,000	\$150,000	\$275,997	\$50,000	\$15,000	Not Levied	\$0
Max Threshold	\$5,000,000	\$317,000	\$2,700,000	\$1,500,000	\$1,000,000	\$500,000		\$200,000
Min Tax Rate	0.15%	1.70%	0.10%	0.20%	0.35%	0.55%		1.00%
Max Tax Rate	2.50%	1.70%	5.00%	1.80%	3.70%	2.50%		1.70%

LAND TAX PAYABLE

Land Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
\$	\$	\$	\$	\$	\$	\$	\$	\$
20,000	0	0	0	0	0	53	Not Levied	200
50,000	75	0	0	0	0	218		500
100,000	150	0	0	0	175	493		1,000
150,000	275	0	150	0	350	1,118		2,100
200,000	330	0	200	0	525	1,743		2,800
500,000	1,680	3,211	800	2,427	4,175	8,493		8,500
1,000,000	9,825	11,711	6,230	8,741	12,425	20,993		17,000
5,000,000	96,425	79,711	169,880	73,134	160,425	120,993		85,000

AVERAGE TAX RATES

Land Value	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
\$	%	%	%	%	%	%	%	%
20,000	0.00	0.00	0.00	0.00	0.00	0.26	Not Levied	1.00
50,000	0.15	0.00	0.00	0.00	0.00	0.44		1.00
100,000	0.15	0.00	0.00	0.00	0.18	0.49		1.00
150,000	0.15	0.00	0.10	0.00	0.23	0.75		1.40
200,000	0.17	0.00	0.10	0.00	0.26	0.87		1.40
500,000	0.34	0.64	0.16	0.49	0.84	1.70		1.70
1,000,000	0.98	1.17	0.62	0.87	1.24	2.10		1.70
5,000,000	1.93	1.59	3.40	1.46	3.21	2.42		1.70

Changes to the Rate Scale since 1982

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

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

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

Changes to Concessions since 1982

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

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

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

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

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

In 1994-95, a land tax exemption was extended to all land owned by retirement villages. Also, the 50% land tax exemption available for land used solely for

non-profit activities by a society, club or association was increased to a 100% exemption.

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

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

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

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

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

Land Tax Collections

WESTERN AUSTRALIA				
	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	122.9	-4.3	158.8	-6.4
1994-95	137.1	11.6	171.2	7.8
1995-96	158.6	15.6	190.5	11.3
1996-97	165.3	4.3	195.9	2.9
1997-98	170.6	3.2	202.7	3.4
1998-99 ^(a)	178.4	4.6	208.3	2.7
1999-00	195.5	9.6	223.0	7.1
2000-01	220.7	12.9	238.8	7.1
2001-02	225.7	2.3	237.7	-0.4
2002-03	259.6	15.0	266.1	11.9
2003-04 ^(b)	277.0	6.7	277.0	4.1

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

^(b) Mid-year review estimate.

Metropolitan Region Improvement Tax

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

Rate of Tax

0.15% of unimproved land value.

Exemptions and Concessions

As for land tax.

Changes to the Rate Scale since 1982

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

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

Changes to Concessions since 1982

As for land tax.

*MRIT Collections***WESTERN AUSTRALIA**

	Revenue Collections \$m	Change (Nominal) %	Revenue in 2003-04 Dollars \$m	Change (Real) %
1993-94	17.4	-0.9	22.5	-3.0
1994-95	19.8	14.0	24.7	10.1
1995-96	23.4	18.3	28.2	13.8
1996-97	25.5	8.8	30.2	7.3
1997-98	26.7	4.6	31.7	4.9
1998-99 ^(a)	29.5	10.5	34.4	8.6
1999-00	31.5	6.8	35.9	4.3
2000-01	36.1	14.6	39.1	8.7
2001-02	37.8	4.7	39.8	2.0
2002-03	38.9	2.9	39.9	0.1
2003-04 ^(b)	42.5	9.3	42.5	6.6

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

^(b) Mid-year review estimate.

Other Taxes, Fees and Levies

Stamp Duty on Leases

Stamp duty on leases was levied on lease agreements relating to real property. The duty was applied to the rent value stated in the lease agreements. As part of the Review of State Business Taxes, stamp duty on leases was abolished from 1 January 2004.

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

Revenue from lease duty was around \$11.6 million in 2002-03.

Stamp Duty on Cheques

Stamp duty on cheques was a fixed amount of 10 cents per instrument. As part of the Review of State Business Taxes, this duty was abolished from 1 January 2004.

This duty also applied to a payment order, a bill of exchange or a promissory note. In the case of cheques, the drawers were liable for the duty. In the case of bills of exchange or promissory notes, the drawers or makers were liable for the duty.

The revenue from this duty (about \$4.6 million in 2002-03) was derived mainly from cheques, and a very small percentage of revenue was collected from bills of exchange and promissory notes.

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 currently set at \$16.20 per renewal (regardless of vehicle type), and it is increased each year by the movement in the Perth consumer price index. It is expected to raise about \$41.4 million in 2003-04.

Emergency Services Levy

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

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

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

The levy is based on the property's gross rental value and the levy rate varies according to regions (from 0.0044 cents to 0.0088 cents in the dollar, with a minimum of \$30 and a maximum of \$175 per property). The levy is expected to raise about \$75.5 million in 2003-04.

Employer Indemnity Levy

This is a levy on insurance premiums of all workers' compensation policies (currently 1% of insurance premiums). Revenue from this levy is paid into the Employer's Indemnity Supplementation Fund, which is currently being used mainly to cover claims by employers with HIH policies made before HIH went into liquidation (15 March 2001). It is expected to collect \$6.0 million in 2003-04.

Loan Guarantee Fees

Loan Guarantee Fees are fees payable by the Western Australian Treasury Corporation (WATC) to the Government for providing an explicit guarantee of liabilities incurred by the WATC. The WATC in turn passes on the guarantee fees to agencies that borrow through it. The current fees are set as follows:

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

The revenue from Loan Guarantee Fees is estimated to be \$10.1 million in 2003-04.

Appendix 1

A Summary of Tax Changes in 2003-04 in all States and Territories

The following is a summary of the major tax changes announced in 2003-04 State Budgets.

Western Australia

Pay-roll Tax

Introduced a single marginal tax rate of 6.0% above an exemption threshold of \$750,000, broadened the pay-roll tax to include eligible termination payments, and aligned prescribed motor vehicle allowances with those of the Commonwealth. All these measures were effective from 1 July 2003 (as part of the first instalment of the Review of State Business Taxes), and the net impact on revenue was expected to be broadly neutral.

Land tax

Reduced the number of land tax thresholds and removed the concession for land developers for the 2003-04 land tax year (also as part of the first instalment of the Review of State Business Taxes). The net impact of these measures on revenue is expected to be neutral.

Stamp Duty on Property Transfers

All marginal rates of stamp duty on conveyances were increased by 15% across the rate scale from 1 July 2003. At the time of 2003-04 Budget, this was expected to raise an estimated \$109.5 million in 2003-04.

As part of the second instalment of the Review of State Business Taxes, a range of measures relating to conveyance duty was introduced from 1 January 2004. Some measures were designed to provide relief, while others were aimed at broadening the base, correcting anomalies or countering avoidance. These measures include:

- the increase in value limits for the \$500 stamp duty rebate;
- the broadening of the stamp duty relief scheme for corporate reconstructions to include the transfer of motor vehicle licences and direct property transfers between certain subsidiaries of holding companies;

- the update of the stamp duty legislation to reflect modern business practices in such areas as simultaneous put and call options and substituted purchasers, plus exempting mining tenement farm-ins and providing relief for unit trusts intending to float;
- introducing provisions to remove a competitive disadvantage in terms of attracting investment from wholesale property trusts to the State;
- providing for the ability to reassess duty where a lower contingent amount is ultimately realised;
- reducing the threshold of the 'land rich company' provisions from 80% to 60%;
- applying duty to chattels transferred with any type of dutiable property, rather than just land;
- including in the duty base intellectual property such as trademarks, patents and copyrights transferred in conjunction with a business;
- including in the duty base changes in beneficial ownership arising from court orders, schemes of arrangement, mergers and statutory vestings; and
- applying duty to unit trusts which become private based on the status of the trust following the transaction.

Stamp Duty on Insurance Policies

The general rate of stamp duty on insurance policies was increased from 8% to 10% from 1 July 2003. It is estimated that this measure will raise \$52.5 million in 2003-04.

Stamp Duty on Cheques, Leases and Unlisted Marketable Securities

Stamp duty on cheques, leases and unlisted marketable securities was abolished from 1 January 2004, as part of the Review of State Business Taxes.

New South Wales

Club and Hotel Gaming Devices

A more progressive club and hotel gaming device duty rate scale (to be phased in over the next seven years) will be introduced in 2004-05, raising an additional \$46 million in revenue in 2004-05.

Stamp Duty on Property Transfers

The *Duties Act 1997* will be amended to protect the transfer duty base from anti-avoidance practices involving the transfer of property through company and trust structures, raising \$18 million in 2003-04.

Pay-roll Tax

The pay-roll tax base was broadened from 1 July 2003 to include termination payments to non-executive directors and share plans and options, raising \$10 million in 2003-04.

From 1 January 2004, the new entrant pay-roll tax rebate scheme was replaced with a payroll tax exemption.

Stamp Duty on Mortgages

The concessional stamp duty provisions for mortgages securing debenture issues were removed from 24 June 2003, raising \$6 million in 2003-04.

Victoria

Pay-roll Tax

The pay-roll tax exemption for apprentices and trainees was replaced with a new completion bonus scheme from 1 July 2003, saving the Government over \$45 million in a full year.

A pay-roll tax exemption was introduced from 1 January 2003 for wages paid to workers taking maternity or adoption leave, at a cost of \$1 million a year.

Motor Vehicle Charges

The motor vehicle registration fees were increased by \$17 to \$157 from 1 July 2003, raising about \$46 million in 2003-04, and \$253 million over the next four years (including the introduction of indexation of motor vehicle registration fees to inflation from 2004).

The annual indexation of drivers' licence fees are estimated to raise \$10 million in 2003-04.

A stamp duty concession was introduced from 1 July 2003 for vehicles used by incapacitated persons, at a cost of \$500,000 per annum.

Queensland

Land Tax

The statutory deduction for residents will be increased from \$200,000 to \$220,000. The minimum land tax payable will be increased from \$100 to \$350 (i.e. taxpayers with tax liabilities of less than \$350 would not have to pay any land tax). The exemption threshold for companies, trustees and absentees will be increased from \$150,000 to \$170,000. These measures are estimated to cost \$11.6 million in revenue in 2003-04.

Community Ambulance Cover

The voluntary ambulance subscription scheme and transport charges for non-subscribers have been replaced by a Community Ambulance Cover scheme from 2003-04.

This fee will be collected through a payment of \$22 per quarter on electricity accounts and is expected to raise \$105 million in 2003-04.

South Australia

River Murray Levy

A Murray River Levy will be introduced at a flat rate to SA Water customers and will be collected with SA Water bills from 1 October 2003.

The levy is expected to raise \$20 million in the first full year. The levy will also be indexed annually to Adelaide consumer price index movement.

Rental and Mortgage Duty

Rental and mortgage duty will be amended to address a tax-induced shift in financing arrangements from commercial hire purchase to chattel mortgages.

The South Australian Government will reduce the rate of rental duty on commercial hire purchase from 1.8% to 0.75%, and increase the mortgage duty from 0.35% to 0.45%, except for owner occupation residential mortgages, from 1 October 2003. These measures are estimated to result in a net cost of \$3 million in a full year.

Increase Tax Compliance Effort

Extra resources (\$1.1 million) will be provided to RevenueSA to increase auditing of taxpayer behaviour and to address tax avoidance. These extra compliance efforts are expected to raise \$10.5 million from 2003-04.

Gaming Machine Tax

The gaming machine tax structure was modified and a levy on the sale or transfer of ownership of gaming machine businesses introduced from 1 January 2003, at an estimated cost of \$11 million in a full year.

Tasmania

Payroll Tax

The grossed up value of fringe benefits and eligible termination payments has been subject to pay-roll tax and the rate of pay-roll tax was reduced from 6.24% to 6.10% from 1 July 2003.

Gambling Taxes

The current casino licence fees payable by Federal Hotels was increased by \$1 million per annum (indexed by consumer price index). The gambling tax rate applying to casino table games was reduced from 5.88% to 0.88% of gross profit. The current three tiered tax rate applying to gaming machines was replaced with a new two tiered rate, with the first tier rate of 20.88% applying to the first \$35 million of gross profit per annum, and the second tier of 25.88% applying to gross profit equal to or greater than \$35 million of gross profit per annum. From 1 July 2013, a single flat tax rate of 25.88% will apply to all gross profit on gaming machines.

Australian Capital Territory

Conveyance Duty

The stamp duty exemption for corporate reconstructions was replaced by a concession based on 95% of the duty payable, raising an additional \$1.1 million in 2003-04.

The conveyance rates have been extended to the acquisition of business assets (goodwill, intellectual property, statutory licences and some goods), raising an additional \$1.7 million in 2003-04.

Loan Security Duty

Loan security duty will apply to secured loans of \$1.0 million or more undertaken for commercial dealings, raising about \$0.5 million in 2003-04.

Fire Reconstruction Levy

A fixed rate levy based on the Average Unimproved Value (AUV) of each rateable property will be implemented for a two-year period from 2003-04. The revenue raised will be earmarked for reconstruction activities related to the January 2003 bushfires. This initiative will raise approximately \$5.0 million per annum for two years.

Marginal Tax Rate for Gaming Machines

The top marginal tax rate was increased from 25% to 27% for gross gaming machine with a revenue greater than \$50,000 per month from 1 July 2003, raising an additional \$3.0 million per annum.

Home Buyer Concession Scheme

The current Home Buyer Concession Scheme for low-income earners will be updated in 2003-04 to reflect current property prices and income levels.

Northern Territory

Budget Improvement Levy

The Budget Improvement Levy was abolished from 1 July 2003, at the cost of \$8.4 million in 2003-04.

Pay-roll Tax Reduction

The single marginal pay-roll tax rate was reduced from 6.3% to 6.2% from 1 July 2003, at an estimated cost of \$1.5 million per year.

Stamp Duty on Leases

A new stamp duty exemption threshold of \$30,000 per annum was introduced from 1 July 2003 for leases and franchises. This measure is estimated to reduce stamp duty collections from leases by \$140,000.

Stamp duty on Hiring Arrangements

The exemption threshold that applies to hiring businesses was increased from \$36,000 per annum to \$90,000 per annum from 1 July 2003, at an estimated cost of \$40,000 a year.

Stamp Duty on Landholding Companies and Trusts

This measure includes new rules to apply from 27 May 2003 for the assessment of stamp duty on changes in ownership of companies and unit trusts that hold land in the NT. These changes seek to align duty consequences of indirect and direct acquisitions of interests in land, and are expected to raise about \$2 million a year.

Appendix 2

National Tax Reform and State Taxes

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

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

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

Preliminary work on the review of debits tax and other stamp duties listed above has commenced at a departmental level across all States and Territories.

As part of the State's Business Tax Reform package, Western Australia has committed to abolish a number of these taxes ahead of the review by the Ministerial Council (stamp duty on leases and cheques by 1 January 2004, and debits tax by 1 July 2005, see Appendix 3).

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

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

Appendix 3

Western Australia - Review of State Business Taxes

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

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

Reforms in the final package:

- reduce the number of State taxes by abolishing:
 - stamp duty on cheques from 1 January 2004;
 - stamp duty on leases from 1 January 2004;
 - stamp duty on unlisted marketable securities from 1 January 2004;
 - stamp duty on life insurance (due to be abolished from 1 July 2004);
 - stamp duty on workers' compensation insurance (from 1 July 2004); and
 - debits tax (from 1 July 005).
- simplify tax rate scales for the major remaining taxes (from 1 July 2003), by:
 - replacing the current multiple marginal pay-roll tax rate scale with a single marginal rate of 6.0% above an increased exemption threshold of \$750,000; and
 - reducing the number of thresholds in the land tax scale (from 10 to 6), to reduce land tax 'bracket creep'.

- improve interjurisdictional harmonisation, by:
 - broadening the rental business duty base to capture a wider range of hiring arrangements, while at the same time lowering the rate of duty (from 1 July 2004). In addition, duty will only apply to the amount of income above the increased threshold;
 - excluding unsecured and non-lending financial arrangements from the mortgage duty base, and removing the potential for double duty on interstate mortgages; and
 - aligning prescribed motor vehicle allowances for pay-roll tax purposes with those for Commonwealth income tax purposes.
- improve Western Australia's tax competitiveness, by:
 - abolishing (in stages) six State taxes (as noted above);
 - reducing the rate of stamp duty on new registrations of heavy vehicles (including heavy trailers) to 3.0%, and introducing a cap on the maximum amount of duty payable on heavy vehicles (implemented from 1 July 2002); and
 - providing stamp duty relief to genuine wholesale unit trusts (already implemented).
- accommodate modern business practices, by amending the *Stamp Act 1921* in areas where it has not kept pace with developments in the commercial world (e.g. put and call options, property syndicates, off-the-plan arrangements, substituted purchasers and mining tenement 'farm-ins').
- broaden the base of the State's larger taxes, including:
 - conveyance duty – for example, through the "land rich company" provisions, chattels, intellectual property and goodwill;
 - pay-roll tax – by extending the pay-roll tax base to include eligible termination payments; and
 - land tax – by removing the land tax concession for residential land developers.

More information can be obtained from: <http://www.dtf.wa.gov.au>