



CIRCULAR 4

**DUTIES ACT 2008
 TAXATION ADMINISTRATION ACT 2003
 REVENUE LAWS AMENDMENT ACT 2008
 REVENUE LAWS AMENDMENT ACT (NO 2) 2008**

DUTIES ACT 2008

The *Duties Act 2008* (“Duties Act”) has been amended by the *Revenue Laws Amendment Act 2008* and *Revenue Laws Amendment Act (No. 2) 2008* to:

- introduce a concessional rate of transfer duty for residential property where the dutiable transaction occurs on or after 1 July 2008; and
- provide vehicle licence duty relief for vehicles (that are not heavy vehicles) by bringing forward from 1 January 2009 to 1 July 2008 the second \$5,000 increase in thresholds announced as a 2007/08 budget measure.

The information provided in this circular is not an exhaustive explanation of the amendments. Reference should also be made to the amending Act and the Explanatory Memoranda.

A general summary of the amendments to the Duties Act follows.

TRANSFER DUTY - CONCESSION FOR RESIDENTIAL PROPERTY

The concessional rate of transfer duty applies to principal places of residence, residential rental properties and vacant land on which the building of a residence is subsequently commenced within five years from the date that liability to duty arose. The concessional rate of transfer duty also applies to mixed use properties where part of the use is residential. The concessional rate for vacant land will not be available for vacant and until a building contract is entered into or in the case of an owner builder, the building is commenced.

The concessional rate of transfer duty for residential property for dutiable transactions entered into on or after 1 July 2008 will be:

Property Value \$	Base Amount at Threshold \$	Marginal Rate Excess
0 – 120,000	0	\$1.90 per \$100 or part thereof
120,001 – 150,000	2,280	plus \$2.85 per \$100 or part thereof above \$120,000
150,001 – 360,000	3,135	plus \$3.80 per \$100 or part thereof above \$150,000
360,001 – 725,000	11,115	plus \$4.75 per \$100 or part thereof above \$360,000
Over 725,000	28,453	plus \$5.15 per \$100 or part thereof above \$725,000

The first home owner duty exemption for vacant land valued up to \$300,000 and for land and homes valued up to \$500,000 will continue to apply. The concessional rate of duty for principal places of residence valued up to \$200,000 will also continue to apply.

VEHICLE LICENCE DUTY

From 1 July 2008, the amount of duty for the grant or transfer of a licence for a vehicle that is not a heavy vehicle is:

- (a) If the dutiable value of the motor vehicle does not exceed \$25,000, 2.75% of the dutiable value.
- (b) If the dutiable value of the motor vehicle exceeds \$25,000 but does not exceed \$50,000:

The rate of:

$$\left[2.75 + \left(\frac{DV - 25,000}{6,666.66} \right) \right] \%$$

of the dutiable value (DV).

- (c) If the dutiable value of the motor vehicle exceeds \$50,000, 6.5% of the dutiable value.

The duty payable is rounded down to the nearest 5 cents.

TAXATION ADMINISTRATION ACT 2003

The *Taxation Administration Act 2003* has been amended by the *Revenue Laws Amendment Act (No. 2) 2008* to:

- provide the Commissioner of State Revenue the power to make a compromise assessment in certain circumstances effective from the date of proclamation; and
- enable memorials to be registered over mining tenements to secure a duty liability effective from 1 July 2008; and
- enable in future budgets a new tax rate or other amendments in favour of a taxpayer to be implemented and administered from the day of announcement (subject to passage of legislation within six months of gazettal of a relevant notice by the Minister) effective from 1 July 2008.

For the latest tax information and links to legislation, please visit the website at www.osr.wa.gov.au.

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