

Authors:

Antony Logan, Director

T 03 6210 6200 E alogan@hunttas.com.au

Brendan Parnell, Senior Associate

T 03 6210 6200 E bparnell@hunttas.com.au

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Property e-alert

Changes to Duty on Property Transfers and other State taxation changes

Duty on Property

We alert you to the change to duty on property transfers contained in Thursday's State budget.

A chart of the new rates is contained on the second page of this e-alert.

The two main issues to be aware of are:

- The rates and thresholds of transfer duty have been revised. Generally speaking, the rates upwards and the thresholds downwards.
- These changes take effect from 1 October 2012.

As an example, there is a new top marginal rate of 4.5% (previously 4%) and the threshold for when the 4% rate kicks in has been lowered from \$225,000 to \$200,000. Duty on an average Tasmanian home of \$360,000 will increase by \$385.

It will not matter if your contract is dated prior to 1 October 2012 – what will matter is the date of your transfer (which will ordinarily be the day of settlement) and of course the transfer price. We suspect there will be some issues throughout Tasmania where a settlement slips to 1 October and it is not the purchaser's fault!

Other tax increases

The Premier announced the following additional tax increases:

The taxation changes will apply to:

- Insurance Duty – the rate charged on contracts of general insurance will rise from 8 per cent to 10 per cent of the premium paid, in line with the situation in most other States (this is a 25% increase);
- Duty on Motor Accident Insurance Board premiums – which will increase from \$6 per registration to \$20 per registration, the first increase for a number of years; and
- Motor Tax – which is currently second lowest of all the States and Territories, and will remain competitive despite a 20 per cent rise for light vehicles."

Disclaimer: The information contained in this e-alert is not advice and should not be relied upon as legal advice. Hunt & Hunt recommends that if you have a matter that is legal, or has implications you consult with your legal adviser

Former conveyance duty rates (Until 30 September 2012)

Value Range Rate

\$

1 - 1 300 \$20

1 300 - 10 000 \$1.50 for every \$100, or part, of the dutiable value

10 000 - 30 000 \$150 plus \$2 for every \$100, or part, by which the dutiable value exceeds \$10 000

30 000 - 75 000 \$550 plus \$2.50 for every \$100, or part, by which the dutiable value exceeds \$30 000

75 000 - 150 000 \$1 675 plus \$3 for every \$100, or part, by which the dutiable value exceeds \$75 000

150 000 - 225 000 \$3 925 plus \$3.50 for every \$100, or part, by which the dutiable value exceeds \$150 000

225 000 and above \$6 550 plus \$4 for every \$100, or part, by which the dutiable value exceeds \$225 000

Revised conveyance duty rates (From 1 October 2012)

Value Range Rate

\$

1 - 1 300 \$20

1 300 - 25 000 \$20 plus \$1.75 for every \$100, or part, by which the dutiable value exceeds \$1 300

25 000 - 75 000 \$435 plus \$2.25 for every \$100, or part, by which the dutiable value exceeds \$25 000

75 000 - 200 000 \$1 560 plus \$3.50 for every \$100, or part, by which the dutiable value exceeds \$75 000

200 000 - 375 000 \$5 935 plus \$4.00 for every \$100, or part, by which the dutiable value exceeds \$200 000

375 000 - 725 000 \$12 935 plus \$4.25 for every \$100, or part, by which the dutiable value exceeds \$375 000

725 000 and above \$27 810 plus \$4.50 for every \$100, or part, by which the dutiable value exceeds \$725 000

The new top marginal tax rate of 4.5 per cent remains low compared to other states, where the average marginal tax rate is 5.5 per cent.