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**STAMP DUTY AMENDMENT BILL 2016
SERIAL NO. 1**

EXPLANATORY STATEMENT

GENERAL OUTLINE

This Bill amends the *Stamp Duty Act* to provide increased assistance to first home buyers of established homes in the form of a stamp duty concession.

For eligible first home buyers of established homes, the higher concession results in the first \$500 000 of the dutiable value of the home being free of stamp duty. This is provided the dutiable value of the home is no more than \$650 000.

Amendments also put in place transitional provisions to provide for the cessation of the previous \$10 000 first home owner discount, which is limited to established homes valued at over \$650 000 from 1 September 2016, after 31 December 2016.

NOTES ON CLAUSES

Clause 1. Short title

This is a formal clause which provides for the citation of the Act. When passed, the Bill will be referred to as the *Stamp Duty Amendment Act 2016*.

Clause 2. Act amended

Clause 2 provides that the Bill amends the *Stamp Duty Act*.

Clause 3.

Section 88 amended

Clause 3 of the Bill replaces the definition of “first home owner discount” and inserts a new definition of “threshold amount” in section 88 of the *Stamp Duty Act*. Section 88 is an interpretation section and contains the definition of numerous terms for the purpose of the Home Incentive Schemes in the *Stamp Duty Act*.

These new definitions increase the amount of the first home owner discount to effectively exempt the first \$500 000 of the value of a conveyance. This is provided the conveyance is first executed on or after 1 September 2016, where the dutiable value of the land being conveyed does not exceed a threshold amount.

The amount of this increased discount may be varied by regulation and there is also flexibility to prescribe additional dates by regulation for different discount amounts.

For conveyances first executed prior to 1 September 2016, the discount of \$10 000 or 50 per cent of the duty assessed on the conveyance, whichever is the lesser, is retained. For conveyances first executed between 1 September 2016 and 31 December 2016, where the dutiable value exceeds the threshold amount, the amount of the first home owner discount continues to be \$10 000.

The effect of these amendments is to cease the first home owner discount for conveyances first executed on or after 1 January 2017 if the dutiable value of the land being conveyed exceeds the threshold amount. The threshold amount is \$650 000, however this amount may also be varied by regulation.

The term “first executed” takes its meaning from the definition of “execute” in section 4(1) of the *Stamp Duty Act*. The definition of “land” is also contained in section 4(1) of the *Stamp Duty Act*, and includes a fixture to land such as a house. Furthermore, section 89AA(2)(i) of the *Stamp Duty Act* ensures that the increased stamp duty relief applies to established homes and not new homes.

Clause 4. Section 89AA amended

Subclause (1) replaces section 89AA(1) to remove the previous cessation date of 1 July 2017 and ensure that the first home owner discount continues to operate unless a date is prescribed by regulation.

Subclause (2) of the Bill replaces section 89AA(2)(k) to remove the requirement that, in order to be eligible for the first home owner discount, applicants must not also be, or become, entitled to the senior, pensioner, carer concession or principal place of residence for their conveyance. This requirement is superseded by new section 90B.

Subclause (3) is a consequential change and replaces the existing note contained in section 89AA(2) to signpost new section 90B.

Clause 5. Section 89A amended

Subclause (1) amends section 89A to remove the requirement that applicants to the senior, pensioner and carer concession are not also entitled to the previous first home owner concession. This requirement is superseded by new section 90B.

Subclause (2) is a consequential change and inserts a note at the end of section 89A(1) to signpost new section 90B.

Clause 6. Section 90 amended

Clause 6 amends section 90 to remove the requirement that applicants for the principal place of residence rebate are not also entitled to the previous first home owner concession or the senior, pensioner and carer concession. This requirement is superseded by new section 90B.

In addition, a note is inserted at the end of section 90(1) to signpost new section 90B.

Clause 7. Section 90B inserted

New section 90B maintains the principle that where an applicant is eligible for more than one home incentive concession, they obtain the concession of the greatest value only. Where multiple concessions provide the same monetary benefit, the Commissioner will determine the most appropriate concession for the applicant. This new provision simplifies and replaces the previous ordering rules at sections 89AA(2)(k), 89A(1)(c) and 90(1)(b).

Clause 8. Part 13 inserted

New Part 13 is inserted into the *Stamp Duty Act* by clause 8 of the Bill, introducing new sections 112 and 113 of the *Stamp Duty Act*. These new sections contain transitional provisions for the introduction of the new first home owner discount and section 90B.

New section 112 ensures that the new first home owner discount only applies to transactions that genuinely occur on or after 1 September 2016.

New section 113 ensures that section 90B applies to all conveyances regardless of the time at which the conveyance is first executed. However, new section 90B effectively operates consistently with sections 89AA(2)(k), 89A(1)(c) and 90(1)(b) as in force prior to the commencement of the Bill.

Clause 9. Expiry of Act

Clause 9 provides for the expiry of the *Stamp Duty Amendment Act 2016* the day after it commences.