

Australian Capital Territory

Duties (Affordable House and Land Packages) Revocation 2010

Disallowable instrument DI2010–92

made under the

Duties Act 1999, section 16B (Declaration of affordable house and land packages)

EXPLANATORY STATEMENT

Purpose

1. The purpose of this instrument is to revoke the *Duties (Affordable House and Land Packages) Declaration 2007* DI2007-249.

Summary

2. Section 16B of the *Duties Act 1999* (Duties Act) allows the Minister to declare by disallowable instrument an affordable house and land package.
3. At the time of establishment of the ACT Government's *Affordable Housing Action Plan* in 2007, the *Duties (Affordable House and Land Packages) Declaration 2007* (the disallowable instrument) was drafted to determine an 'Affordable House and Land Package' as being one for which the combined contract price does not exceed \$300,000.
4. The Duties Act provided that the duty charged was based only on the value of the land, thus providing a stamp duty concession for purchasers of those properties.
5. Since the time of drafting, the 'Affordable House and Land Package' initiative has been largely replaced by the Land Development Agency administered 'OwnPlace' initiative. Under OwnPlace, buyers are required to settle on their land before building starts and therefore only pay duty on the land value. OwnPlace buyers must be eligible for the Home Buyer Concession Scheme (HBCS) and by default they pay only \$20 duty.
6. As such, to simplify the process of levying duty, and to avoid the complexities of amending the instrument annually to reflect indexation of the combined house and land contract threshold, the Disallowable Instrument (DI2007-249) is revoked.
7. The change will affect only a very small proportion of second homebuyers and investors who are not eligible for the HBCS, as they will be required to pay full

duty on the total (house and land) contract price, no longer receiving the benefit of duty on the land only value.

8. This instrument revokes instrument DI2007- 249.

Authorised by the Acting Treasurer