

Taxation Administration (Amounts Payable—Eligibility—Pensioner Duty Concession Scheme) Determination 2010 (No 2)

Disallowable instrument DI2010–308

made under the

Taxation Administration Act 1999, s 139 (Determination of amounts payable under tax laws)

EXPLANATORY STATEMENT

Introduction

1. This instrument is the *Taxation Administration (Amounts Payable—Eligibility—Pensioner Duty Concession Scheme) Determination 2010 (No 2)*.
2. The instrument commences on 1 January 2011. It continues a 3 year moratorium on payment of the full amount of duty for eligible pensioners during the period 1 July 2008 to 30 June 2011.
3. The *Taxation Administration Act 1999* (the TAA) deals with the administration of various tax laws relating to the imposition of certain taxes, duties and fees. These tax laws are specified in section 4 of the TAA. Section 139 of the TAA empowers the Minister to determine amounts payable for taxes, duties and fees, and the method by which an amount is to be calculated.
4. One of the specified tax laws is the *Duties Act 1999* (the Act). Chapter 2 of the Act deals with the grant of a Crown lease and the transfer or agreement for the transfer of a Crown lease which are subject to duty. Section 12 of the Act states that the duty is payable by the transferee (that is, the eligible home buyer), and section 5 of the Act states that the duty is payable to the Territory.
5. This instrument determines, for the purposes of the Pensioner Duty Concession Scheme:
 - (a) the eligibility criteria; and
 - (b) the conditions; and
 - (c) the method of calculation of duty payable under section 31 of the Act; and
 - (d) the time limit for applications.

6. Transitional provisions have been included to clarify that the previous Disallowable Instrument continues to apply to grants, transfers, or agreements for transfers entered into during the period 1 July 2010 to 31 December 2010.

Thresholds and calculation

7. The concessional rates of duty ensure that the amount of the concession progressively reduces to zero at and above the upper dutiable value thresholds. The dutiable value thresholds (i.e. the lower threshold and the upper threshold), and their method of calculation, are determined in a separate Disallowable Instrument.
8. If the dutiable value of the eligible property or eligible vacant block is not higher than the lower threshold, an eligible home buyer is entitled to the maximum duty concession, and minimum duty of \$20 is payable.
9. A partial concession is available for purchases of eligible properties or eligible vacant blocks with a dutiable value more than the lower threshold, but less than the upper threshold. The concessional duty payable is the concessional rate of duty for each \$100 (or part thereof) of the difference between the dutiable value of the eligible property or the eligible vacant block, and the lower threshold. At and above the upper threshold, no concession is available.

Residency and other criteria

10. An applicant is not eligible for the concession if the applicant holds an interest in land other than the subject property and the property from where the applicant is moving. The applicant must sell or have sold the property from where the applicant is moving within 1 year of the date of completion of the transfer or the date of the certificate of occupancy of the subject property, or a longer period approved by the Commissioner for ACT Revenue (the commissioner).
11. At least one of the applicants must reside in the subject property as their principal place of residence continuously for a period of not less than 6 months. That period must commence within 1 year of completion of the transfer for an eligible property, or the date of the certificate of occupancy that is issued following completion of construction of the residence on the eligible vacant block.
12. This instrument gives the commissioner a discretion to extend the time for an applicant to meet the residency requirement in the event of an unforeseen circumstance (such as a health related issue), or to approve a residency period shorter than 6 months, or to exempt the applicant from the residency requirements.
13. However, these discretions can only be exercised by the commissioner where a written request to exercise them is made within 18 months of completion of the transfer for an eligible property, or the date of the certificate of occupancy, that is issued following completion of construction of the residence on the eligible vacant block.

Time limits for applications

14. Section 7 of this instrument clarifies that an application for concessional duty under the scheme must be received by the commissioner:

- (a) for a grant, transfer or an agreement for the transfer of a lease, within 90 days;
- (b) for an off the plan agreement, if one of the events in section 16(A)(1) of the Act happens, within 14 days of the event.

Application of this instrument and changes

- 15. This instrument revokes DI2010-110.
- 16. DI2010-110 continues to apply to transactions which took place on 1 June 2010 to 31 December 2010 inclusive.
- 17. The time limit for lodging an application for an off the plan agreement has been clarified so that an application must be lodged by the date the duty is payable. This can be up to a maximum of 1 year and 14 days.
- 18. Otherwise, the operation of the scheme remains unchanged.

Authorised by Treasurer
Katy Gallagher MLA