

2012

**The Legislative Assembly for the
Australian Capital Territory**

Duties Amendment Bill 2012 (No 2)

Explanatory Statement

**Presented by
Andrew Barr MLA
Treasurer**

Duties Amendment Bill 2012 (No 2)

Summary

This Bill amends the *Duties Act 1999*.

Overview

The transfer of a commercial sublease as part of a sale of a business is an accepted practice, allowing a new owner to continue operating the business from the same premises under the existing sublease's terms and conditions. The transfer of such a sublease normally has a nominal value and attracts minimum duty of \$20.

However, such a transfer also results in an anomalous situation where goods transferred with the sale of the business, such as coffee machines, fridges, ovens etc, which otherwise would not be liable for duty, become liable for duty at ad valorem rates because they are associated with a dutiable transaction.

The Bill amends the *Duties Act 1999* by abolishing duty on transfers of short term subleases, and consequentially removes the anomalous duty on goods transferred as part of a sale of a business. Transfers of long term subleases, and associated goods, such as plant and equipment, would still be liable to duty.

Commencement Date

The Bill's amendments will be effective from the day after its notification.



Details of the Duties Amendment Bill 2012 (No 2)

Clause 1 – Name of Act

This clause provides that the Act is named the Duties Amendment Act 2012 (No 2).

Clause 2 – Commencement

This clause provides that the Act commences the day after it is notified on the ACT legislation register.

Clause 3 – Legislation amended

This clause provides that the Act amends the *Duties Act 1999*.

Clause 4 – Dutiable property Section 10 (1) (k)

This clause amends the current section 10 (1) (k) to except short-term subleases from being included as an interest in dutiable property. This has the effect of abolishing duty on transfers of short-term subleases, and as a consequence, removes the duty liability on goods in the ACT associated with such a transfer.