

AUSTRALIAN CAPITAL TERRITORY

TAXATION ADMINISTRATION ACT 1999

INSTRUMENT NO. 245 OF 2001

EXPLANATORY STATEMENT

The *Taxation Administration Act 1999* (Tax Admin Act) deals with the administration of various tax laws relating to the imposition and collection of certain taxes, duties and levies. These tax laws are specified in section 4 of the Tax Admin Act, and include the *Duties Act 1999* (Duties Act). Section 139 of the Tax Admin Act empowers the Minister to determine taxes, duties and levies.

The Duties Act imposes duty on a range of transactions at determined rates. The purpose of this determination is to:

1. revoke Instrument No 151 of 2001, made under section 139 of the Tax Admin Act and notified in Gazette No 26 of 28 June 2001;
2. determine, under section 139 of the Tax Admin Act, rates of duty payable under various provisions of the Duties Act by specifying:
 - the ranges of dutiable amounts of dutiable transactions and the corresponding rates of duty payable for each range;
 - the ranges of cost or unencumbered value of a lease and the corresponding rates of duty payable for each cost range; and
 - the rates of duty payable on certain other specified dutiable transactions.

This determination is necessary because the *Duties Amendment Act 2001 (No 2)* amended the Duties Act as follows:

- Section 140 General rate – short-term leases - duty is now payable at the determined rate on the higher of the cost or the value of the lease;
- Section 141 General rate – long-term leases - duty is now payable at the determined rate on the higher of the cost of the lease or the unencumbered value of the Crown lease of the relevant land; and
- Section 141A General rate – franchise agreements – duty is payable on the cost of the lease at either the determined rate for long term franchise arrangements, or the determined rate for other franchise arrangements.

This determination is effective from the date of gazettal of the *Duties Amendment Act 2001 (No 2)*, and is different to Instrument No 151 of 2001 in the following ways, as it:

- amends paragraph 4 and Table 2 so that they apply to either the cost of a lease or the unencumbered value of the Crown lease of the relevant land, and also to the cost of a long term franchise arrangement;
- amends paragraph 5 to include subparagraphs (a) through (m);
- renumbers the existing paragraph 5(c) as 5(b), and paragraph 5(d) as 5(c);
- amends the new paragraph 5(c) to apply to the cost or value of a lease;
- inserts a new paragraph 5(d) which applies to the cost of any lease that is a franchise arrangement that is not a long term franchise arrangement;
- has the commencement date removed from paragraph 5 (m); and
- re-determines all other rates at the same level as the revoked determination;

For easy reference and for comparison purposes, paragraphs 2, 3, 4 and 5 of the revoked determination, Instrument No. 151 of 2001, follow:

Revoked paragraph 2. For the purposes of section 31 of the *Duties Act 1999* (Duties Act), duty chargeable in respect of a dutiable transaction shall be at the rate referred to in Column 3 of Table 1, opposite and in relation to the appropriate range of dutiable amounts of dutiable transactions as specified in Column 2 of Table 1.

**TABLE 1
RATES OF DUTY**

Column 1	Column 2	Column 3
Item	Range of dutiable amounts of dutiable transactions	Rate of duty
1	Not more than \$14,000	\$1.25 for every \$100, or part of \$100, of the dutiable value or \$20, whichever is the greater
2	More than \$14,000 but not more than \$30,000	\$175 plus \$1.50 for every \$100, or part of \$100, by which the dutiable value exceeds \$14,000
3	More than \$30,000 but not more than \$60,000	\$415 plus \$2 for every \$100, or part of \$100, by which the dutiable value exceeds \$30,000
4	More than \$60,000 but not more than \$100,000	\$1,015 plus \$2.50 for every \$100, or part of \$100, by which the dutiable value exceeds \$60,000
5	More than \$100,000 but not more than \$300,000	\$2,015 plus \$3.50 for every \$100, or part of \$100, by which the dutiable value exceeds \$100,000

TABLE 1 (CONT)

Column 1	Column 2	Column 3
Item	Range of dutiable amounts of dutiable transactions	Rate of duty
6	More than \$300,000 but not more than \$1,000,000	\$9,015 plus \$4.50 for every \$100, or part of \$100, by which the dutiable value exceeds \$300,000
7	More than \$1,000,000	\$40,515 plus \$5.50 for every \$100, or part of \$100, by which the dutiable value exceeds \$1,000,000

Revoked paragraph 3. “Dutiable amount”, in relation to a dutiable transaction, means the dutiable value of the dutiable property subject to the transaction.

Revoked paragraph 4. For the purposes of section 141 of the Duties Act, duty chargeable in respect of a lease, the total cost of which is included in that range of amounts referred to in Column 2 of Table 2, shall be at the rate referred to in Column 3 of Table 2 opposite and in relation to the appropriate range of amounts.

TABLE 2
RATES OF DUTY

Column 1	Column 2	Column 3
Item	Total cost of lease	Rate of duty
1	Not more than \$14,000	\$1.25 for every \$100, or part of \$100, of the total cost or \$20, whichever is the greater
2	More than \$14,000 but not more than \$30,000	\$175 plus \$1.50 for every \$100, or part of \$100, by which the total cost exceeds \$14,000
3	More than \$30,000 but not more than \$60,000	\$415 plus \$2 for every \$100, or part of \$100, by which the total cost exceeds \$30,000
4	More than \$60,000 but not more than \$100,000	\$1,015 plus \$2.50 for every \$100, or part of \$100, by which the total cost exceeds \$60,000
5	More than \$100,000 but not more than \$300,000	\$2,015 plus \$3.50 for every \$100, or part of \$100, by which the total cost exceeds \$100,000

TABLE 2 (CONT)

Column 1	Column 2	Column 3
Item	Total cost of lease	Rate of duty
6	More than \$300,000 but not more than \$1,000,000	\$9,015 plus \$4.50 for every \$100, or part of \$100, by which the total cost exceeds \$300,000
7	More than \$1,000,000	\$40,515 plus \$5.50 for every \$100, or part of \$100, by which the total cost exceeds \$1,000,000

Revoked paragraph 5. For the purposes of the provisions of the Duties Act as specified in paragraphs (a) and (c) through (m) hereunder, the following rates of duty are chargeable:

- (a) the rate of 60 cents for every \$100, or part of \$100, of the dutiable value of the marketable securities for the purposes of section 32 (1);
- (c) the rate of 60 cents for every \$100, or part of \$100, of the dutiable value of the property the subject of the transaction, insofar as it is property to which section 33 (1) applies, for the purposes of section 33 (1);
- (d) the rate of 50 cents for every \$100, or part of \$100, of the total cost of the lease for the purposes of section 140;
- (e) the rate of 0.75% of the total amount of the hiring charges of the equipment financing arrangement for the purposes of section 159 (1);
- (f) the rate of 1.5% of the total amount of the hiring charges of the ordinary hire of goods for the purposes of section 159 (2);
- (g) the rate of 10% of the amount of the premium paid in relation to a contract of general insurance for the purposes of section 178;
- (h) the rate of—
 - (i) \$1 on the first \$2,000, or part of \$2,000, of the sum insured; and
 - (ii) 20 cents for every \$200, or part of \$200, in excess of the first \$2,000 of the sum insured;for the purposes of section 185 (1);
- (i) the rate of 5% of the first year's premium for the temporary or term insurance policy for the purposes of section 185 (2);
- (j) the rate of 5% of the first year's premium for the rider for the purposes of section 185 (3);
- (k) the rate of 10% of the premium paid to effect the insurance for the purposes of section 185 (4);
- (l) the rate of \$3 for every \$100, or part of \$100, of the dutiable value of the motor vehicle for the purposes of section 208 (1); and

- (m) the amount of \$1,350 plus \$5 for every \$100, or part of \$100, of the dutiable value of the motor vehicle in excess of \$45,000 for the purposes of section 208 (2), effective from 1 March 1999.

Note that the omission of paragraph 5 (b) was intentional.

Authorised by the Treasurer, Gary Humphries MLA