

Taxation Administration (Amounts Payable –Duty) Determination 2014 (No 2)

Disallowable instrument DI2014-186

made under the

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

EXPLANATORY STATEMENT

1. This Disallowable Instrument commences on 1 July 2014.
2. As a part of the 2014-15 Budget, the Government announced that it would be continuing to reform the Territory's taxation system. Reform is continuing in relation to the rates of conveyance duty and insurance duty. This instrument implements the next stage of the Government's reforms to insurance duty, by further reducing the duty payable on insurance premiums by 20 per cent.
3. Under section 139 of the *Taxation Administration Act 1999*, the Minister has the authority to determine, in writing by disallowable instrument, amounts, rates and licence fees applicable for the *Duties Act 1999* (Duties Act).
4. This instrument determines the amounts of duty payable under various provisions of the Duties Act by specifying:
 - (a) the ranges of dutiable amounts of dutiable transactions and the corresponding rates of duty payable for each range; and
 - (b) the rates of duty payable on the relevant amount of certain other specified transactions.
5. For the purposes of section 31 of the Duties Act, column 2 of *Table 1, Amounts payable – Duties Act, section 31* (in paragraph 4 of the instrument) determines the amount of duty payable on the ranges of dutiable amounts listed in column 1 of the Table.
6. On 4 June 2014, DI2014-83 lowered the conveyance duty rates in each threshold bracket. The upper flat rate of conveyance duty (introduced with the 2013-14 Budget) was also reduced, from \$1.650 million to \$1.455 million, at a reduced rate of 5.25 per cent (from the previous 5.5 per cent).

7. For the purposes of various sections of the Duties Act, column 2 of *Table 2, Amounts payable – Duties Act, various sections* (in section 6 of the instrument) determines the amounts of duty payable for the various sections of the Act as identified in column 1 of the Table.
8. This instrument reduces the duty payable on general insurance premiums from 6 per cent to 4 per cent from 1 July 2014, and reduces duty on life insurance premiums (including term, temporary or insurance rider policies) from 3 per cent to 2 per cent, from 1 July 2014. Duty on all other life insurance contracts will reduce to \$0.40 plus \$0.08 per \$200 or part thereof in excess of \$2,000, and \$0.40 for each contract where the sum insured is \$2,000 or less (reductions from \$0.60 and \$0.12 respectively).
9. This instrument revokes Disallowable Instrument DI2014-83. However, DI2014-83 continues to apply to transactions and insurance contracts between 4 June 2014 and 30 June 2014 inclusive, while DI2013-174 continues to apply to transactions and insurance contracts that occurred during the period 1 July 2013 and 3 June 2014 inclusive.
10. The changes in this instrument are in relation to relevant amounts of insurance duty, as defined in section 5 of the instrument. All other aspects of the instrument remain unchanged.

Authorised by the Acting Treasurer
Katy Gallagher