

# Taxation Administration (Amounts Payable—Duty) Determination 2019 (No 2)

## Disallowable instrument DI2019–141

made under the

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

## EXPLANATORY STATEMENT

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This instrument commences on 1 July 2019.

Under section 139 of the *Taxation Administration Act 1999*, the Minister may determine by disallowable instrument the rate or differential rates, or the method by which, an amount of duty payable under the *Duties Act 1999* (Duties Act) is to be calculated.

This instrument determines for the purposes of the Duties Act differential rates of duty, or the method by which, an amount of duty is payable for different types of dutiable transactions. Part 2 of this instrument determines the transfer rates of duty for the purposes of section 31 of the Duties Act. Part 3 determines commercial transfer rates of duty for the purposes of sections 31 and 90 of the Duties Act. Part 4 determines the rate of duty for the purposes of section 33 of the Duties Act.

### Updates

As part of the 2019-20 Budget, the Government is continuing its implementation of reform to the Territory's taxation system by reducing conveyance duty rates for transactions of residential properties each year.

This instrument corrects errors in the stated duty amounts in Table 1 Part 2 of *Taxation Administration (Amounts Payable – Duty) Determination 2019 (No 1)*, DI2019-69.

### Transfer rate (part 2)

Part 2 applies to a dutiable transaction of dutiable property used, or that will be used, wholly for purposes other than a commercial purpose. For example, for a residential purpose (such as a house, a unit, or a block of apartments), a primary production purpose (such as farm land or grazing land) or a home business (such as a bookkeeping business or florist working from home). This is irrespective of the permitted uses of the property as may be specified in a Crown lease.

Table 1 sets out the differential rates of duty, and the method by which, an amount of duty is payable for a dutiable transaction that is not for a commercial purpose. For example, for a property transaction valued at \$350,000, the duty payable is \$4,600 plus \$3.40 for every \$100, or part of \$100, of the dutiable amount that is more than \$300,000, equalling \$6,300 of duty payable.

The stated duty amounts for residential property transactions valued at exactly \$500,000, \$750,000, and \$1,000,000 of \$8,000, \$18,800 and \$33,550 respectively, were calculated incorrectly. This instrument corrects these errors in DI2019-69 by replacing the incorrect duty amounts with the correct amounts so that for residential property transactions valued at:

- \$500,000 – the stated duty amount is \$11,400;
- \$750,000 – the stated duty amount is \$22,200; and
- \$1,000,000 – the stated duty amount is \$36,950.

The 2018-19 and 2019-20 rates (effective 1 July 2019) are listed below for comparison.

<b>Dutiable value</b>	<b>2018-19 (%)</b>	<b>2019-20 (%)</b>
Less than or equal to \$200,000	1.30	1.20
More than \$200,000 but not more than \$300,000	2.30	2.20
More than \$300,000 but not more than \$500,000	3.60	3.40
More than \$500,000 but not more than \$750,000	4.56	4.32
More than \$750,000 but not more than \$1,000,000	6.10	5.90
More than \$1,000,000 but not more than \$1,455,000	6.60	6.40
More than \$1,455,000*	4.73	4.54

\*This rate is a flat rate on the entire value of the transaction.

### **Commercial transfer rate (part 3)**

This Part has not changed. It applies to a dutiable transaction of dutiable property used, or that will be used, partly or wholly for a commercial purpose.

‘Commercial purpose’ means a purpose other than a residential purpose, a primary production purpose or a home business. This definition has its basis in section 6 of the Duties Act and (for a home business) section 247 (3) of the *Planning and Development Act 2007*.

For the purposes of this instrument, a property that is used or that will be used, partly or wholly for commercial purposes includes, but is not limited to:

- mixed-use land, or land with mixed-use buildings where part of the land or the building is used or will be used for a commercial purpose and the other part for a residential or primary production purpose, for example:
  - land that is or will be used partly for the owner’s bed and breakfast business and partly as a farm; or
  - a building with a shop on the ground floor and a residential apartment on the first floor;
- vacant land on which a building or buildings will be constructed or developed wholly for a commercial purpose, for example:
  - vacant land on which an office building will be constructed; or
  - vacant land on which a hotel will be constructed.
- land with an existing building or buildings that will be wholly or partly developed, refurbished, converted or re-purposed by the transferee for commercial purposes, for example:
  - a row of shops on top of which apartments will be built and the apartments individually on-sold to others;
  - a warehouse conversion into a hotel and shopping complex; or
  - a single shop refurbishment where the ground floor will be used as an office and the first floor will be converted into a residence.

This part also applies to a chapter 3 transaction (landholder provisions of the Duties Act) for which duty is payable at the determined rate in accordance with section 90 of the Duties Act.

The differential rates of duty, and the method by which, an amount of duty is payable for a dutiable transaction that is for a commercial purpose are unchanged from the previous instrument.

#### **Certain business assets (part 4)**

This Part has not changed. It applies to determine the duty rate for section 33 of the Duties Act. The rate is unchanged from the previous instrument.

#### **Revocation**

Section 10 of this instrument revokes the *Taxation Administration (Amounts Payable—Duty) Determination 2018 (No 1)* DI2018-116 and *Taxation Administration (Amounts Payable—Duty) Determination 2019 (No 1)* DI2019-69. DI2019-69 was to have commenced on 1 July 2019 and this revocation means that it was never effective.

For the avoidance of doubt, DI2018-116 continues to apply to a transaction in the period 6 June 2018 to 30 June 2019, inclusive.

Authorised by the Treasurer  
Andrew Barr MLA