Date introduced: 17 October 1985
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Minister Assisting the Treasurer

DIGEST OF BILL

Purpose

To amend the Australian Capital Territory Stamp Duty Act 1969 (the Principal Act) in order to give effect to the 1985-86 Budget proposals to impose duty on loan securities and to increase the rates of duty on conveyances of real property; and to validate the regulation-making power under the Principal Act.

Background

The finding by the Commonwealth Grants Commission, in its report (1984) on Financing the Australian Capital Territory, that ACT’s financial contribution was low relative to the standard of works and services provided, indicated a need for an increase in the financial contribution from the ACT. Accordingly, the 1985-86 Budget contains measures to better align ACT taxation with that of the States. Those provided by this Bill, in association with the Taxation Laws Amendment Bill (No. 3) 1985, will impose duty on the registration of mortgages, debentures and loan securities, apply stamp duty to conveyances of units in unit trusts and increase the rates of stamp duty applicable to conveyances of real property. Furthermore, the Bank Account Debits Tax Amendment Bill 1985 (Digest No. 85/206) is also part of the package designed to bring ACT taxation more closely into line with State taxation.

Main Provisions

A detailed analysis of the clauses of the Bill is contained in the Explanatory Memorandum.
Duty is to be imposed on loan securities at the rate of $5 where the maximum amount repayable under, or secured by, the security does not exceed $15,000. Where that amount exceeds $15,000 the duty will be $5 for the first $15,000 and 40 cents for every $100 or part thereof that exceeds the first $15,000. Loan securities for amounts up to $500 will be exempt (new Item 9 inserted into Schedule 1 by clause 6). Rules governing the imposition of duty on loan securities are contained in amendments to the Australian Capital Territory Taxation (Administration) Act 1969 proposed by the Taxation Laws Amendment Bill (No. 3) 1985 (Digest No. 85/204).

Clause 6 also proposes to replace Items 4 and 5 of Schedule 1 in order to specify the increased rates of stamp duty payable on transfers of, or agreements to transfer, freehold interests in land situated in the ACT, and transfers of, or agreements to transfer, Crown leases granted for more than five years. The new rate scale for each $100, and part thereof, of the value of the transferable interest is to be:

- $1.25 up to $14,000
- $1.50 between $14,001 and $30,000
- $2.00 between $30,001 and $60,000
- $2.50 above $60,000

Similarly, Item 7 is replaced by clause 6 to set the same increased rates of duty payable on transfers or assignments of, or agreements to transfer or assign, leases of land situated in the ACT other than a Crown lease for more than a 5-year term.

The Governor-General will be authorised to make regulations exempting from stamp duty certain instruments executed by a prescribed Commonwealth or Territory authority (new section 8, inserted by clause 5).
For further information, if required, contact the Economics and Commerce Group.

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

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