

AUSTRALIAN CAPITAL TERRITORY
TAXATION ADMINISTRATION ACT 1999
HOME BUYER CONCESSION SCHEME DETERMINATION
INSTRUMENT NO. 189 OF 2000
EXPLANATORY STATEMENT

1. The *Taxation Administration Act 1999* deals with the administration of various tax laws relating to the imposition of certain taxes, duties and fees. These tax laws are specified in section 4 of the *Taxation Administration Act 1999*. Section 139 the *Taxation Administration Act 1999* empowers the Minister to determine these taxes, duties and fees.
2. One of the specified tax laws is the *Duties Act 1999* (the Act), Chapter 2 of which deals with the grant and transfers of land which are subject to duty.
3. This determination modifies the existing Home Buyer Concession Scheme ('Scheme') under Determination No 44 of 1999, which was notified in ACT Gazette No. 11 of 17 March 1999, made under the *Taxation Administration Act 1999*. Determination No 44 of 1999 will continue to apply in respect of transfers of interests in land which took place from 1 March 1999 to 30 June 2000. This determination will apply to transfers of interests in land which take place from 1 July 2000.
4. This determination introduces two modifications to the existing Scheme to improve the equity of the Scheme, namely:
 - The current value threshold of \$140,000 will apply only to completed homes and a new threshold of \$70,000 will apply to vacant blocks of land. This will ensure that new home builders purchasing vacant land to build a home will not obtain a full concession for a home of far greater value than those purchasing a completed home; and
 - The current income threshold of \$45,000 for applicants will be increased by \$1,150 per annum for each additional dependent child, to a maximum of \$50,750. This is to take into account the disparity of ratios of disposable income between applicants with dependent children and applicants without dependent children.

PROPERTY VALUE AND TAX RATE

5. Previously there was no distinction between the purchase of a completed home and a vacant block of land. Where the value did not exceed \$116,000.00 an eligible home buyer would be entitled to a maximum duty concession of \$2,555.00, with a minimum duty of \$20.00 applied (purchases of homes valued at \$116,000, without the concession will incur duty of \$2,575). Part concession is available for purchases of properties greater than \$116,000 but less than \$140,000. The part concession is the imposition of a tax of the greater of \$20.00, or \$14.23 for each \$100 or part thereof exceeding \$116,000, up to \$140,000, at which point no concession is available. As duty is assessed on rates based on each bracket of \$100 or part thereof, values above \$139,900 will not be eligible for a concession. These criteria remain the same under this determination for eligible purchases of completed homes.
6. Under this determination, if the value of a vacant block of land does not exceed \$58,000.00 an eligible home buyer would be entitled to a maximum duty concession of \$955.00, with a minimum duty of \$20.00 applied (purchases of vacant blocks valued at \$58,000, without the concession will incur duty of \$975). Part concession is available for purchases of vacant land greater than \$58,000 but less than \$70,000. The part concession is the imposition of a tax of the greater of \$20.00, or \$10.54 for each \$100 or part thereof exceeding \$58,000, up to \$70,000.00, at which point no concession is available. As duty is assessed on rates based on each bracket of \$100 or part thereof, values above \$69,900 will not be eligible for a concession.

INCOME THRESHOLD

7. Under the previous Scheme, an income test provided that the combined income of the eligible home buyer and his or her spouse must not exceed \$45,000.00 per annum, irrespective of whether they have dependent children or not.

Under this determination, the income threshold of the eligible home buyer and spouse depends on how many dependent children they have. The income threshold of \$45,000.00 remains the same for applicants with no dependent child, whilst applicants with dependent children will have that threshold increased by \$1,150.00 per annum for each dependent child to a maximum of \$50,750.00. The table below illustrates how this is applied:

<u>Number of dependent children</u>	<u>Income threshold</u>
0	\$45,000
1	\$46,150
2	\$47,300
3	\$48,450
4	\$49,600
5 or more	\$50,750

DEFINITION OF DEPENDENT CHILD

8. A 'dependent child' has the same meaning as in the *Social Security Act 1991* (Cth), which currently is a child under the age of 22 and meets certain income tests.

Authorised by the Treasurer.