

Three ACT budget changes to know: Stamp duty cut, land tax changes, over 60s home bonus



There are many changes in the ACT budget, but three in particular caught *Property Observer's* notice.

According to ACT Deputy Chief Minister and Treasurer, Andrew Barr, it's a "challenging period" for the ACT government and they're looking to deliver services and infrastructure with the future in mind.

They allocated \$2.5 billion for infrastructure projects, including:

- University of Canberra Public Hospital
- Coombs school
- CIT Campus in Tuggeranong
- Road and light rail infrastructure

- Cycling and walking paths
- Woden Town Centre renewal
- Court Facilities project
- Australian Forum Convention Centre
- City to the Lake Project

However, there were also taxation reforms that are of particular interest.

These included stamp duty and land tax.

Here are the three changes we'll be keeping an eye on.

1. STAMP/CONVEYANCING DUTY

Stamp duty was looked at under the budget to help ongoing tax cuts, with reduced rates noted for 2017/2018. A lower flat rate of 5.25% has also been introduced, effective as of 4 June, for transactions of more than \$1.455 million.

“Duty is levied on the agreement for sale or transfer of land, a Crown lease or a land use entitlement located in the ACT. The conveyance rates up until 3 June 2014 range from \$2.20 to \$7.00 per \$100, or part thereof,” the budget papers noted.

“From 4 June 2014, the conveyance duty thresholds and rates will change.”

Below are the new rates of duty.

Source: ACT Budget 2014/2015

Pensions and first home buyers receive a concessional rate.

This reduction is expected, due to 2012 promises to reduce duty until it is finally abolished.

2. LAND TAX CHANGES

Noting their intention to make land tax fairer, and to introduce fixed and marginal charges in the system, it notes that this should share the “land tax burden more fairly

between units and houses”.

It should raise an additional \$10 million per annum in taxation revenue, according to the budget papers.

“Land tax applies to any residential property that is rented, or any residential property owned by a corporation or a trustee, even if the property is not rented,” it notes.

Land tax assessments for 2014/2015 will be based on the most recent AUV, incorporating 2014 unimproved land values and a fixed \$900 charge.

From 1 July 2014, a new structure will be introduced, which includes the marginal rates below:

Source: ACT Budget 2014/2015

For example, an investor with an AUV property of \$50,000 with a charge of \$1,105.72 of land tax in the next financial year.

An investor with AUV of \$350,000 will pay \$3,257.

3. OVER 60S HOME BONUS

Another introduction is a home bonus for those over 60, with the aim of encouraging downsizing and the freeing up of larger houses for families.

For transactions from 1 July, this provides concessions for house and land valued up to \$765,000, and for vacant land up to \$371,000. It is an extension of the Pensioner Duty Concession Scheme.

What caught your attention in the ACT budget?

For information on the Queensland budget, read [yesterday's piece on interstate investors arriving as the Queensland Great Start Grant finds its feet](#).

For information on Victoria's budget, read this piece about [a new tax for \\$1 million of property projects for Plan Melbourne funding](#).