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A reminder to payroll tax customers...

Your payroll tax annual reconciliation and payment for the 2016/17 financial year are due by 21 July. To avoid any penalties or interest, both the lodgement of the annual return and full payment of any shortfall must be made by 21 July.

The online annual reconciliation is now available.

If you have any difficulty in lodging your annual reconciliation or making payment by 21 July, please contact us on 1300 214 590.

News from OSR

NSW State Budget

As part of the 2017 State Budget, the NSW Treasurer, The Hon. Dominic Perrottet MP, announced a range of measures to improve housing affordability and to provide assistance to small businesses. Changes to surcharge purchase duty and surcharge land tax were also announced. The *State Revenue and Other Legislation Amendment (Budget Measures) Act 2017* received assent on 27 June 2017. Here is a snapshot of the changes to State taxes and grants.

First Home Buyers Assistance

From 1 July 2017, first home buyers do not have to pay duty for both new and existing homes for properties up to \$650,000. The duty is reduced for amounts between \$650,000 and \$800,000.

Shared Equity Schemes

From 1 July 2017, the shared equity scheme applies where a home buyer purchases a property with an approved equity partner. This scheme helps people who may not otherwise be able to afford their home on their own.

The principal place of residence exemption for land tax will be extended to land used and occupied by an owner under a shared equity scheme. The exemption will apply from the 2018 tax year.

Guidelines on the operation of this scheme will be developed.

New Home Grant Scheme

The New Home Grant scheme closed on 30 June 2017.

Purchases 'off the plan' by investors

From 1 July 2017, all residential purchases by investors are excluded from the 12 month off the plan transfer duty liability deferral.

Abolished duty

From 1 July 2017, duty is abolished on lenders mortgage insurance, and will be abolished from 1 January 2018 on:

- crop and livestock insurance, and
- commercial vehicle insurance, commercial aviation insurance and occupational indemnity insurance for small businesses.

First Home Owner Grant

Online subscription service

Register to [receive email updates on news at OSR](#)

From 1 July 2017, first home owners can access a \$10,000 grant for:

- building a new home under a home building contract where the contract price, when added with the land value, does not exceed \$750,000
- a new home being built by an owner builder where the value of the land and building does not exceed \$750,000 or
- purchasing a new home worth up to \$600,000.

Foreign person surcharges

Measures include:

- an increase in surcharge land tax from 0.75% to 2%
- an increase in surcharge purchaser duty from 4% to 8% with exemptions or refunds applying in certain circumstances.

Emergency Services Levy Act 2017

The *Emergency Services Levy Act 2017* received assent on 27 June 2017 and commenced on 1 July 2017. The objects of this Act are to:

- re-establish an emergency services insurance contribution scheme, and
- postpone the introduction of the levy imposed by the *Fire and Emergency Services Levy Act 2017*.

To see more about how the changes apply, refer to our information on the [2017 State Budget](#).

Electronic Transactions Legislation Amendment (Government Transactions) Act 2017

The *Electronic Transactions Legislation Amendment (Government Transactions) Act 2017* received assent and commenced on 27 June 2017.

The objects of the Act include to:

- facilitate the service of documents by email, and
- allow for the use of approved forms in the place of statutory declarations.

Updated purchaser/transferee declaration

In response to customer feedback we have simplified the purchaser/transferee declaration. The changes reduce red tape and make the forms easier to complete.

There are now two versions of the declaration, one for individuals and one for non-individuals. These are for immediate use.

Information collected through the declaration is necessary to meet Commonwealth Reporting Requirements and OSR's responsibilities to administer the *Duties Act 1996* including the identification of foreigners for purchaser surcharge duty and land tax.

Each form, along with the explanatory notes and requirements for supporting evidence, is available on the [OSR website](#).

The declaration can be filled out electronically. Once completed, it must be printed, signed and witnessed. Each purchaser/transferee needs to complete their own declaration.

OSR is listening to your feedback and continues to find ways to cut red tape.

What would you like to see here?

Email your suggestions or feedback to client.education@osr.nsw.gov.au

Did you know?

Parking space levy rates for the 2017/18 financial year are:

- (a) \$2,390 for premises within the Category 1 areas (City of Sydney and North Sydney); and
- (b) \$850 for premises within the Category 2 areas (Bondi Junction, Chatswood, Parramatta and St Leonards).

For more information about the Parking space levy, please [visit our website](#).

Work and Development Orders – new Guidelines

Work and Development Orders (WDOs) allow disadvantaged members of the community to reduce their fines by taking part in unpaid work, courses, or treatment under the supervision of a WDO sponsor. WDO sponsors include government agencies, non-government organisations and health practitioners. All WDO sponsors and participants must comply with the WDO Guidelines, issued under the *Fines Act 1996*.

To deliver recommended improvements following previous audits and evaluations, the WDO Guidelines were recently amended by the Attorney General. From 19 May, the following changes apply under the new Guidelines:

- qualified health practitioners may support drug or alcohol treatment as a WDO activity
- young people under 18 are automatically eligible to participate in WDOs
- people experiencing financial abuse as a result of domestic violence can take part in WDOs
- tighter controls apply for people with substantial assets
- better support for WDO sponsors to identify and manage conflicts of interest
- higher eligibility thresholds relating to income, reflecting increased average household income and cost of living
- better control of risk areas through audit and governance.

These important changes will ensure the WDO scheme achieves its purpose while being administered responsibly in line with community expectations.

Hints and tips**Land tax and surcharge land tax*****Trustees of trusts***

To meet the eligibility as a fixed trust for land tax, the following information is required:

- a copy of the executed trust deed, including any amendments
- a copy of the trust's unit holder register, to confirm the following:
 - the percentage of interest held by each unit holder
 - the current residential address for each unit holder
- a statement confirming if any unit holders are foreign persons and if any association exists between the other unit holders.

Trustees of discretionary and hybrid unit trusts

Trustees of discretionary or hybrid trusts may be liable for surcharge land tax where any potential beneficiary is a foreign person. However, a six month period to amend your trust deed to remove potential beneficiaries who are foreign persons is available for discretionary and hybrid unit trusts. If the potential beneficiaries are removed, no surcharge land tax will be payable (conditions apply).

What you need to do

1. Go to our [land tax online services](#)
2. Update your details and upload the relevant supporting information outlined above.

If appropriate, amend your trust deed within six months to meet the requirements outlined in [Revenue Ruling G010](#) and send us your amended trust deed to retain the exemption.

What happens next?

We will determine your land tax and surcharge liabilities, applying any entitlements applicable.

After six months, if surcharge is applicable and we have not received your amended trust deed, we will issue a land tax assessment showing surcharge land tax payable.

Find out more about [trusts and surcharge](#).

Payroll tax customers who declare fringe benefits

From April 2017 the FBT Type 2 gross-up rate has decreased from 1.9608 to 1.8868.

However, we will accept the use of the lower rate for the full 2016/17 financial year.

This will allow payroll tax customers to calculate their FBT using the reduced rate and make the adjustment when completing and lodging their 2017 annual reconciliation, which is due by 21 July 2017.

For monthly payroll tax lodgers, the lower rate of 1.8868 should be used as the basis for calculating monthly estimates for the next 11 months of the 2017/18 financial year under the Alternative/Estimated method described in [Revenue Ruling PTA 003v2](#).

Find out more about [fringe benefits for payroll tax purposes](#). For enquiries, phone 1300 139 815.

**Case Summaries****Duties**

Pandanas Qld Pty Ltd v Chief Commissioner of State Revenue; Harris v Chief Commissioner of State Revenue; O'Shea v Chief Commissioner of State Revenue; Brown v Chief Commissioner of State Revenue [2017] NSWCATAD 106 (4 April 2017)

In 1973 a motel was constructed which was then renovated where a strata subdivision was registered with a by-law providing that all lots “shall only be used for short term holiday/tourist accommodation purposes” and “shall not be used for any form of permanent residential occupation”.

A number of the units were sold, and the purchasers lodged applications for a grant under the New Home Grant Scheme.

The Tribunal found in favour of the Chief Commissioner holding that the applicants had not discharged their onus of proof that “substantial renovations” had taken place so the units did not fall into the definition of a new home, and, also, because of the by-law, the units did not meet the definition of “home”, as they could not “lawfully” be used as residences.

[Read more about this case.](#)

Fun facts



- Dry July was founded in 2008. Participants abstain from alcohol for the month and funds raised go towards people affected by cancer
- **1 July 1903**
The first Tour de France race began
- **1 July 1908**
SOS was first adopted as the international distress signal
- **2 July 1897**
Marconi patented the radio
- **4 July 1776**
The US Declaration of Independence was adopted
- **5 July 1996**
Birth of Dolly the sheep, the first mammal cloned from an adult cell
- **5 July 1865**
The Salvation Army was established
- **6 July 1885**
Louis Pasteur developed Rabies Vaccine
- **7 July 1928**
Sliced bread was sold for first time in the US
- **10 July 1962**
The car seat belt was patented
- **16 July 1935**
The first parking meter was installed in the US
- **23 July 1926**
Sound first came to movies
- **25 July 1978**
The world's first test tube baby was born in England
- **28 July 1921**
Edith Cowan was the first woman elected to an Australian Parliament



Visy Kraft Holdings Pty Limited v Chief Commissioner of State Revenue [2017] NSWSC 8 (30 January 2017)

The taxpayer sought a review of a decision of the Chief Commissioner which assessed ad valorem mortgage duty regarding a \$400 million refinance.

The Court found in favour of the Chief Commissioner holding that an advance made under an agreement, understanding or arrangement for which the mortgage is security may be an “amount secured” by the mortgage, even though the advance itself is not “recoverable under” the mortgage.

The Court also agreed with the Chief Commissioner’s alternative argument that the instruments were each a mortgage that were capable of being used to “recover the whole of any part of an amount contingently payable by a guarantor in connection with an advance” and were liable to duty as if the amount of the contingent liability under the guarantee were a separate advance secured by the mortgage.

[Read more about this case.](#)

Land tax

Lloyd v Chief Commissioner of State Revenue [2016] NSWCATAD 230 (12 October 2016)

The taxpayer’s application for the ‘intended place of residence’ exemption for the tax years 2013, 2014 & 2015 was dismissed. The taxpayer simply renovated the property and rented out the property without occupying and using the property as the taxpayer’s principal place of residence. Hence the clause 6 of Schedule 1A of *Land Tax Management Act 1956* did not apply.

[Read more about this case.](#)

Gaming machine tax

Goldfish Potts Point Pty Ltd v Chief Commissioner of State Revenue [2017] NSWCATAD 13 (10 January 2017)

The taxpayer purchased a hotel in which a tax instalment under the *Gaming Machine Tax Act 2001* had been paid by the previous owner of the hotel for the quarter ending 30 September 2012. The taxpayer paid the tax instalments for the remaining quarters of that financial year.

The issue for consideration was the correct share of the \$60,191.26 refund. The Tribunal found that net profit rather than total profit should have been used to allocate the refund and the matter was remitted to the Chief Commissioner for reconsideration.

The Chief Commissioner is discussing the calculation of the reassessment with the taxpayer. The taxpayer may choose to object to the reassessment.

[Read more about this case.](#)

Customer education activities

Seminars

Payroll tax annual reconciliation

A demonstration of the online 2017 Annual Reconciliation will be presented along with an overview of NSW payroll tax liability, exemptions and rebates.

- Castle Hill - 6 July
- Liverpool - 7 July
- Condell Park - 10 July
- Campbelltown - 11 July
- Mascot - 12 July
- GyMEA - 13 July
- Penrith - 14 July
- West Ryde - 17 July
- Hurstville - 18 July
- Dee Why - 19 July

State Taxes Update

The seminar covers recent amendments to legislation, as well as recent case law, for duties, grants, land tax and payroll tax. Changes as a result of the State budget will also be discussed.

- Castle Hill - 6 July
- Liverpool - 7 July
- Condell Park - 10 July
- Campbelltown - 11 July
- Mascot - 12 July
- GyMEA - 13 July
- Penrith - 14 July
- West Ryde - 17 July
- Hurstville - 18 July
- Dee Why - 19 July

Webinars

Payroll tax annual reconciliation - 14 & 17 July

State Taxes Update - 10 July

Book in for an upcoming seminar or webinar

Access event details and [register for a seminar near you or a webinar](#).