

Taxes on Employers' Payroll

Limit the Scope of State Tax Exemptions for Charitable Organisations

The previous Treasurer announced in Parliament on 15 May 2013 the State Government's intention to legislate to narrow the scope of State tax exemptions for charitable organisations. This was in response to concerns that the State Administrative Tribunal's decision that the Chamber of Commerce and Industry of Western Australia would qualify for a payroll tax exemption for charitable organisations could set a costly precedent in relation to similar organisations.

The proposal is a revenue protection measure that seeks to exclude certain business, professional and industry organisations from accessing the payroll tax, transfer duty and land tax exemptions for charitable organisations. As such, it is expected that only a small number of organisations would be affected by this measure, with no impact on the forward estimates.

Legislation to give effect to this measure is expected to be introduced into Parliament in the second half of the 2014 calendar year.

Taxes on Property

Transfer Duty – Adjust Property Value Thresholds for First Home Buyer Transfer Duty Concession

The first home buyer transfer duty concession will be adjusted to provide a full exemption for home purchases of \$430,000 or less, down from the current exemption threshold of \$500,000. The exemption will phase out for homes valued between \$430,000 and \$530,000 (down from the current \$600,000).

The new thresholds better represent the value of homes being purchased by first home buyers and will commence from 1 July 2014, subject to the timely passage of the necessary legislative amendments.

The property value thresholds at which the concession currently applies for purchases of vacant land will not change, with a full exemption continuing to be available on land valued up to \$300,000, phasing out at \$400,000.

This measure is expected to increase revenue by \$53.9 million in 2014-15 and \$221.8 million over the four years to 2017-18.

The duty payable by first home buyers at various prices under the new concessional arrangements is outlined in the following table.

Table 3

TRANSFER DUTY PAYABLE FOR FIRST HOME BUYERS

Property value	Duty payable by first home buyers before 1 July 2014	Duty payable by first home buyers from 1 July 2014	Duty payable by other home buyers	Saving relative to other home buyers
	\$	\$	\$	\$
\$430,000	-	-	14,440	14,440
\$440,000	-	1,919	14,915	12,996
\$450,000	-	3,838	15,390	11,552
\$460,000	-	5,757	15,865	10,108
\$470,000	-	7,676	16,340	8,664
\$480,000	-	9,595	16,815	7,220
\$490,000	-	11,514	17,290	5,776
\$500,000	-	13,433	17,765	4,332
\$510,000	2,251	15,352	18,240	2,888
\$520,000	4,502	17,271	18,715	1,444
\$530,000	6,753	19,190	19,190	-

It is estimated that around 64% of first home buyers will be unaffected by the changes, as the purchase price of their properties would either be below the new exemption threshold of \$430,000, above the previous concessional scale threshold limit of \$600,000, or they qualify for the concession for vacant land (which will not change).

An interstate comparison of the duty payable by first home buyers on the purchase of an established home, under both the current and new concessional arrangements in Western Australia, is outlined in the table below.

Table 4

TRANSFER DUTY PAYABLE FOR FIRST HOMEBUYERS

Property Value	WA Current	WA New	NSW ^(a)	VIC	QLD	SA	TAS	ACT	NT
	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$100,000	0	0	1,990	1,290	0	2,830	2,435	2,200	2,157
\$200,000	0	0	5,490	3,822	0	6,830	5,935	4,400	5,628
\$300,000	0	0	8,990	6,822	0	11,330	9,935	8,100	10,414
\$400,000	0	0	13,490	9,822	0	16,330	13,998	12,600	16,514
\$450,000	0	3,838	15,740	11,382	0	18,830	16,123	14,850	20,057
\$500,000	0	13,433	17,990	13,182	0	21,330	18,248	17,100	23,928
\$550,000	11,255	20,140	20,240	14,982	10,600	24,080	20,373	19,600	27,225
\$600,000	22,510	22,515	22,490	18,642	12,850	26,830	22,498	22,100	29,700
\$750,000	29,740	29,740	29,240	40,070	19,600	35,080	28,935	29,600	37,125

(a) New South Wales provides a duty concession for new homes, which exempts from duty homes valued up to \$550,000 phasing out at \$650,000.