

## KEY REVENUE MEASURES IN THE NORTHERN TERRITORY 2001-02 BUDGET

A number of key revenue measures have been announced in the Northern Territory 2001-02 Budget. The measures comprise a further reduction to the pay-roll tax rate, enhancements to the equity and efficiency of Territory taxes and a number of integrity and anti-avoidance measures. Also included is the formation of a tax consultative group to provide advice on "simple but fair" tax arrangements.

**Generally, the measures take effect from 1 July 2001 except two integrity/anti-avoidance measures that take effect from Budget Day (29 May 2001).**

### PAY-ROLL TAX

- the pay-roll tax rate has been reduced from 6.6% to **6.5%**. This follows rate reductions in 1999-00 from 7% to 6.75% and down to 6.6% in 2000-01;
- the requirement for persons to be grouped for pay-roll tax where they hold equal 50% interests in a business has been relaxed to only apply where a person holds a greater than 50% interest in a business;
- the measures also promote efficiency by easing compliance and administration of pay-roll tax by allowing the Commissioner to approve the payment of pay-roll tax without the requirement to lodge a monthly return;
- allow a part-year apportionment of interstate wages where an employer ceases paying wages in the Territory; and
- minor legislative clarifications to improve and simplify administration and compliance.

### CONVEYANCE DUTY

- countering schemes that use vestings and distributions to non-family members from discretionary trusts to avoid stamp duty on the transfer of dutiable property (this measure commences from 29 May 2001);
- ensuring that distributions *in specie* upon the liquidation of a company are not used to avoid stamp duty on the transfer of dutiable property (this measure commences from 29 May 2001);
- ensuring that mining tenements (including mining information related to the tenement) held outside of the Territory are taken into account for the purposes of the stamp duty 'land rich' provisions;
- requiring stamp duty to be payable within 60 days of the date a dutiable instrument is executed (rather than 30 days after the date of the assessment);
- ensuring that transfers of Territory statutory business licences are subject to duty whether or not they are issued in connection with a business undertaking carried on in the Territory;
- clarifying that the existing provisions prohibiting the registration of an unstamped transfer instrument apply to an application for the transfer of a fishing licence;
- removing stamp duty exemptions provided to Government Business Divisions on conveyances, leases, insurance and motor vehicles in order to place these entities on the same cost footing as the private sector; and
- providing a statutory method for apportioning stamp duty on conveyances of industrial and intellectual dutiable property (eg. goodwill) situated in the Territory and elsewhere.

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## HIRING DUTY

- increasing the liability threshold for stamp duty on hiring arrangements from \$12 000 to \$36 000 releasing many small hiring businesses from a hiring duty liability;
- an increase to the maximum stamp duty limit that applies to receipts arising from a hiring arrangement from \$7 500 to \$9 000 per hiring arrangement;
- providing an exemption for hiring arrangements between related parties where the lender does not hire equipment to the public; and
- providing an exemption for motor trader bailment arrangements for demonstration vehicles and trading stock.

## OTHER STAMP DUTY MEASURES

- requiring Australian insurers to register for stamp duty where a policy is effected outside of the Territory on a risk situated in the Territory, and removing the requirement for the insurer to complete an "information return". The industry is being consulted regarding an appropriate commencement date for this measure;
- allowing the Commissioner to waive stamp duty liabilities that are less than \$5;
- removing marketable securities duty on corporate debt securities to align the Territory tax base with other jurisdictions; and
- standardising the required period for retaining tax records for all Territory taxes to 5 years.

## OTHER CHANGES - CONSULTATIVE FORUM ETC.

The proposals also include the establishment of a tax consultative forum to provide a closer working relationship between taxpayers and the Commissioner of Taxes on tax related policy and administrative matters.

In addition, the revenue measures include a review of the administration provisions of the respective Territory taxation legislation.

## NATIONAL TAX REFORM

As part of the national tax reform package, the inter-governmental financial arrangements have changed significantly. States and Territories have given up some own-source revenues. Tourism marketing duty was abolished from 1 July 2000 and the following State and Territory taxes are to be abolished from 1 July 2001:

- financial institutions duty; and
- stamp duty on the transfer of quoted marketable securities.

In addition, subject to review by the Ministerial Council, debits tax is to be abolished by 1 July 2005. The Ministerial Council will also review the need to retain a range of business stamp duties by 2005.