

# RC-GEN-22: 2025-26 Budget Measures

## Stamp duty and payroll tax exemption for charities and non-profit entities

### Purpose

1. This Circular provides information on amendments to the charity and non-profit entity exemptions within the *Stamp Duty Act 1978* (SDA) and *Payroll Tax Act 2009* (PTA). The amendments form part of the 2025-26 Budget revenue measures announced by the Treasurer on 13 May 2025 and are contained in the *Revenue Legislation Amendment Bill 2025*.

### Stamp duty exemption for charities and non-profit entities

2. Currently, item 14 of Schedule 2 to the SDA provides an exemption for a conveyance of dutiable property to an exempt entity if the property is to be used solely by the entity for an exempt use.
3. Section 4F of the SDA defines an 'exempt use' of property as a use for purposes other than the carrying on of a commercial activity or that competes with another entity's business undertaking.
4. The amendments broaden the exemption by removing the 'use' test from the eligibility criteria.
5. By removing the 'use' test, it is no longer relevant that use of a property by an exempt entity can be characterised as commercial or in competition with another entity's business undertaking.
6. From 1 July 2025, eligibility for the stamp duty exemption turns on a purchasing entity's status as an 'exempt entity' alone.
7. This amendment more closely aligns the Territory's charity and non-profit entity stamp duty exemption with other jurisdictions. This reduces the administrative and compliance burden associated with determining eligibility, and provides certainty to charitable and non-profit entities looking to expand their operations in the Territory.
8. The Bill includes transitional provisions with anti-avoidance measures, to ensure that replacement contracts (and options entered into prior to 1 July 2025) are subject to the law as in force prior to commencement of the amendments.

### Payroll tax exemption for charities and non-profit entities

9. Currently, section 48C of the PTA provides a payroll tax exemption for charities and non-profit entities. That exemption is available in respect of wages paid or payable to persons engaged predominantly in the performance of services in connection with the carrying on by the entity of charitable activities.
10. However, the exemption is not available to the extent that those persons are engaged in the performance of services in connection with any commercial or competitive activity carried on by the entity.

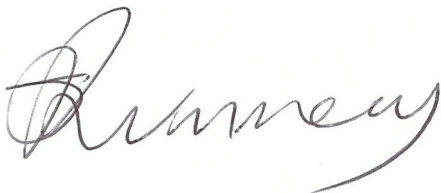
11. The Bill amends the exemption to broaden eligibility. From 1 July 2025, charities and non-profit entities will qualify for the exemption in respect of wages paid or payable to a person engaged exclusively in work of a kind ordinarily performed in connection with the carrying on of charitable activities by the entity.
12. The amendments mean that the exemption is no longer denied where the activity carried on by the charity or non-profit entity can be characterised as commercial in nature, or where the activity competes with a business carried on by another person.
13. The amendments more closely align the Territory's payroll tax legislation with that of other jurisdictions by providing that the exemption is generally available where wages are paid for work performed that ordinarily accords with the charitable activities of the entity.
14. The amendments broaden the exemption, reducing the cost of operation for charities and non-profit entities, and lessen the administrative and compliance burden associated with the former exemption conditions.
15. The Bill includes transitional provisions with anti-avoidance measures to ensure that wages payable prior to 1 July 2025 are subject to the law as in force prior to this date, irrespective of when they are actually paid.

## Further reading

16. Please refer to the *Revenue Legislation Amendment Bill 2025* and explanatory statement for precise details of the amendments.

## Revenue circulars

17. Commissioner's Guideline [CG-GEN-001: Revenue Circulars, Commissioner's Guidelines and Payroll Tax Rulings: explanation and status](#), which sets out information on the revenue publication system, is incorporated into and is to be read as one with this Circular. All Circulars and Guidelines are available on the Territory Revenue Office website.



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**COMMISSIONER OF TERRITORY REVENUE**

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