

Alert

TAX

2016-17 South Australian State Budget Good News for Taxpayers

By Briony Hutchens

On 7 July 2016 the South Australian Government handed down the 2016-17 Budget. The budget contained a number of favourable taxation measures, some of which are detailed below.

Removal of prescribed goods provisions

One of the most important measures announced was the removal of stamp duty on prescribed goods from 1 July 2016. As detailed in previous articles, the amendments made to the *Stamp Duties Act 1923 (SA)* (**SDA**) to enact the abolition of stamp duty on non-real property transfers, announced as part of the 2015-16 budget, had the effect that many transactions that were expected to be exempt from duty were in fact still dutiable as a result of duty being imposed on the transfer of an interest in prescribed goods where this occurred as part of a transaction that involved the transfer of a dutiable interest in land (including a leasehold interest).

Aside from being inconsistent with the budget announcement, this imposed a significant administrative burden on both the taxpayers and the Commissioner in identifying and valuing prescribed goods in situations where the duty subsequently charged was frequently nominal.

The removal of duty on prescribed goods is therefore a significant win for taxpayers as it will not only remove duty on these goods, but will also remove the need to identify and

value prescribed goods, making the stamping of many transactions much simpler.

Extension of stamp duty concession for purchases of off-the-plan apartments

The partial stamp duty concession for off-the-plan purchases of apartments has been extended by one year to 30 June 2017 and will be expanded to apply to off-the-plan purchases state wide, not just to purchases within the inner metropolitan Adelaide area, provided the contract for purchase is entered into after 20 June 2016 and the contract is not a replacement of an existing contract entered into before 20 June 2016.

Job Accelerator Grant Scheme

A Job Accelerator Grant Scheme to encourage job growth in South Australia has been introduced. The scheme comprises 2 different grants – the Job Accelerator Grant of up to \$10,000 (\$5,000 per year) per full time equivalent (FTE) job created in businesses liable for payroll tax in SA with total Australian wages of \$5M or less, and the Job Accelerator Grant for Small Business & Start-ups of up to \$4,000 (\$2,000 per year) per job created in businesses not liable for payroll tax in SA (for example if the business is below its payroll tax threshold or is exempt from payroll tax).

The grant is available for each additional worker employed between 1 July 2016 and 30 June 2018 and is paid on the first and

second anniversary of the employee's commencement date provided the eligibility criteria is satisfied.

To be eligible, the worker must:

- be a new employee (i.e. not employed during the previous 12 months by the business or another member of a payroll tax group of which the business is a member);
- be employed in a new job (i.e. one that did not exist in the previous 60 days);
- be a common law employee;
- be employed for a period of at least 12 months for a partial grant or 2 years for a full grant; and
- perform services wholly or mainly in South Australia.

If the person employed in the new job changes throughout the year, that change will not affect the eligibility for the grant provided the position was not vacant for more than 60 days in total during the year for which the grant is claimed. In addition, the total number of employees of the business must not decrease for more than 60 days in total during the year.

Land acquired or held by charitable and religious associations

Changes will be made to both the SDA and the *Land Tax Act 1936 (SA)* (**Land Tax Act**)

to ensure that stamp duty and land tax exemptions can be obtained by charitable entities where the land is held by a trustee for a charitable trust.

This is to address issues that currently exist where the exemptions could be denied on the basis that the trustee (itself, as opposed to the charitable trust of which it is trustee) is not carried on for charitable purposes.

The changes also make it clear that the stamp duty exemption applies to both purchases and gifts of property.

Land tax exemption for land held by sporting and racing associations

The existing land tax exemption will be extended to include land used for non-sporting or non-racing activities provided the land is not residential or vacant land.

The exemption will apply from 1 July 2016 with eligible associations able to apply for ex gratia relief for the 2015 financial year.

Land tax principal place of residence exemption

The Land Tax Act will be amended to allow taxpayers up to 2 financial years' exemption from land tax in respect of properties that are not being resided in while being substantially renovated or rebuilt. The exemption will apply both to properties that were the taxpayer's principal place of residence prior to being renovated or rebuilt and to vacant land or other unoccupied property which the taxpayer intends will become their principal place of residence once completed.

To be eligible for this exemption taxpayers must not claim any other property as their principal place of residence for land tax during the period of renovation or construction.

Extension of small business payroll tax rebate

The small business payroll tax rebate, which provides savings for employers with taxable wages of \$1.2M or less, will be extended for a further 4 years.

Payment of tax on appeal

Legislation will be passed to ensure that a taxpayer need only pay 50% of the primary tax in dispute prior to bringing an appeal against an assessment or decision. This is an improvement on the current position which requires a taxpayer to pay 50% of the tax assessed, including penalty and interest, before bringing an appeal.

Introduction of tax on betting revenue

A tax of 15% on the Net Wagering Revenue of betting companies offering services in South Australia will be introduced effective from 1 July 2017. Details of this tax have not yet been announced and will be available closer to the implementation date.

Further information regarding these and other measures is available in Revenue SA [Information Circular 93](#).



MORE INFO

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