

STAMP AMENDMENT (FIRST HOME OWNER) BILL 2006 (EM156)

(Introduced by Mr Buswell, MLA)

Explanatory Memorandum

The current system of a differential first home buyer rate of stamp duty was introduced in 2004 in recognition of the benefits of home ownership and to assist first home buyers facing a higher deposit gap as a result of rapid increases in house prices.

When the last adjustments were made to the first home buyer rate of stamp duty for sales on or after 29 October 2004 it was claimed that the changes would allow around 91% of first home buyers to receive a full exemption or concession on the duty payable. At the median house price the conveyance duty payable was only \$3,300.

Since 2004, the median house price in the metropolitan region has increased by more than 60% or \$160,000. As a result of this rapid price increase, first home buyers today would receive no concession and would face a stamp duty bill of around \$17,000 when purchasing a property at the median price.

The dramatic increase in the cost of purchasing a property has effectively negated the value of the stamp duty exemption and concession for first home buyers.

The intent of this Bill is to assist first home buyers by increasing the eligibility threshold to reflect the impact of recent rapid price increases.

Clause 1 – Short Title

Provides that the title to the Act will be the *Stamp Amendment (First Home Owner) Act 2006*.

Clause 2 - Commencement

Provides for the Act to come into operation on the day on which it receives the Royal Assent. This will have the effect of providing timely relief to eligible first home buyers.

Clause 3 – The Act amended

Indicates that this Bill will amend the *Stamp Act 1921*.

Clause 4 – Section 75AG amended

Section 16(1) of the *Stamp Act 1921* states that the duties to be charged are to be specified in the Second Schedule of the Act.

Section 16(2) of the *Stamp Act 1921* provides that exemptions to duties in the Second Schedule of the Act are to be specified in the Third Schedule or otherwise by or under this Act and in any other Act for the time being in force.

Given that the intent of this Bill is to establish a complete exemption rather than to amend the existing concessional charging provision, it is no longer appropriate that the provisions are located in the Second Schedule of the Act. Rather than creating a whole new exemption in the Third Schedule, the Bill amends section 75AG of the Act to create the new exemption while retaining the machinery provisions in section 75AG regarding applications for exemption.

Subclause (1) amends the heading of section 75AG to reflect the intent to create an exemption from duty rather than reduction.

Subclause (2) amends section 75AG (1) to provide that duty is not payable in circumstances where the transferee(s) meet the requirements specified in (1)(a), (1)(b) and (1a).

Subclause (3) amends section 75AG (1a) to establish the thresholds within which the exemption applies and deletes redundant references to the Second Schedule. The exemption for property where the land includes a home is increased from a value of \$350,000 to \$420,000 and for vacant land the exemption is increased to \$200,000.

For those properties valued above these thresholds, the rates specified in the Second Schedule apply.

Subclause (4) amends section 75AG (2) to reflect that eligible first home buyers are able to apply to the Commissioner for an exemption from duty rather than a chargeable amount.

Subclause (5) amends section 75AG (5)(b) to reflect that the Commissioner is deciding on an exemption from duty rather than a chargeable amount.

Subclause (6) amends section 75AG (9) so that the exemption no longer applies when the transferee is required to repay an amount under section 21 or 51 of the *First Home Owner Grant Act 2000*.

Clause 5 – Second Schedule amended

Subclause (1) provides that the amendments in this section are to the Second Schedule.

Subclause (2) deletes items 4(2) and 4(3) of the Second Schedule. The exemption created within the provisions of the Act means that the concessional rates provided for in 4(2) and 4(3) are redundant.