

Tax insights

Deloitte State Budget Brief

What do the tax revenue measures in the QLD Budget mean for your business?



Snapshot

The Queensland Treasurer, the Honourable Mr Curtis Pitt MP, presented the Queensland Palaszczuk Labor Government's second budget on the afternoon of Tuesday 14 June 2016.

In a year that saw Queensland hit with a \$3 billion revenue collapse, due almost solely to a collapse in mining royalty receipts, the spotlight in this budget was once again on state tax revenue measures.

In the Government's second budget since its election, and having ruled out asset sales, there

was a strong focus on growing innovation, attracting investment and transforming infrastructure as a mechanism to combat the fall in revenue driven by declining mineral values.

In this Deloitte State Budget Brief we analyse some of the key state revenue measures announced in the Queensland state budget which may impact your business in Queensland.

Stamp Duty

Duty Surcharge Hits Foreign Investors

In the lead up to the budget announcement, the Government signalled its intention to introduce a transfer duty surcharge for foreign property investors. This was confirmed in the budget announcement, with a 3% transfer duty surcharge applying to foreign buyers who acquire residential property in Queensland from 1 October 2016.

The Government indicated that this measure will have no direct impact on Queensland residents.

The Treasurer stated that the surcharge will not damage the interest foreign investors have in sharing our state's economic strengths. Queensland's 3 per cent surcharge on foreign residential property remains more attractive than Victoria's 7 per cent surcharge.

Other Stamp Duty Changes

Family Farm Transfer Duty Concession

The Government has approved the extension of the family farm transfer duty concession to the familial transfer of farm businesses as part of the Rural Assistance Package. An estimated cost of \$7 million has been provided over the four years to extend the family farm transfer duty concession, ensuring intergenerational transfers of land do not incur a transfer duty liability in Queensland, bringing Queensland into line with other states.

The existing concession applies to transfers (and indirect acquisitions through family partnerships, family trusts and family unit trusts) of land primarily used to carry on a business of primary production, including adjacent residential land as well as personal property used to conduct the business on the land, to the extent the transfer is by way of gift. The concession will be extended by removing the requirement that the transfer be by way of gift.

Changes to Landholder Duty and Corporate Trustee Duty

As part of the introduction of the foreign purchaser surcharge, the Bill introducing the provisions, the Duties and Other Legislation Amendment Bill 2016 (Qld), also makes minor amendments to the imposition of landholder duty and corporate trustee duty, commencing from 1 October 2016.

Insurance Duty

From 1 July 2016, the life and total and permanent disability insurance and income protection insurance previously managed by QSuper will be met by QInsure, which will operate as a separate company within the QSuper group.

QSuper insurance was previously provided on a self-insurance basis and was therefore not subject to duty. Duty on insurance provided by QInsure has resulted in modest increases to estimates of insurance duty and other duties in 2016–17.

Payroll Tax

There were no new payroll tax revenue measures announced as part of the budget. The overall payroll tax rate of 4.75% remains the lowest in Australia and the exemption threshold of \$1.1 million is the highest threshold of any mainland state.

State Royalties

Despite the more than \$3 billion fall in royalty receipts (due primarily to the fall in resources prices), there were no state royalties measures announced as part of the budget.

Other Revenue Measures

- **Additional Compliance Activity** - The Government will increase the compliance activity of the Office of State Revenue to deliver additional revenue. This will focus on compliance relating to key taxes, such as land tax and payroll tax. Areas of focus for compliance will include taxpayers incorrectly

claiming to be not-for-profit organisations for the purposes of avoiding tax.

- **First Home Owners' Grant** - For contracts signed between 1 July 2016 and 30 June 2017, eligible Queenslanders will now get \$20,000 instead of \$15,000 towards buying or building their new house, unit or townhouse valued at less than \$750,000.
- **Land Rent Capping Extension** - The Government has extended current land rent capping on tourism and residential leases for 2016-17 and 2017-18.
- **Drought Relief Arrangements Extension** - The Government is providing fee and rental relief of \$4.2 million in 2016-17. This includes rebates for land rental and the waiving of water licence fees for drought affected landholders and lessees.

Contacts

If you have any questions in relation to the budget announcements and how they may impact your organisation, or if you have any questions in relation to state taxes matters generally, please contact our Deloitte State Taxes Specialists.



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