

## Revenue Changes from the Recent NSW State Mini-Budget

**The recent Mini-Budget of the NSW State Government has introduced a number of financial measures that may have an impact on property and business transactions beginning in 2009. In particular, the increase in stamp duty on trust documents may make it prudent to establish new trusts before the end of 2008.**

On 11 November 2008, the State Government of New South Wales announced a number of revenue measures in its Mini-Budget. Since then, the *State Revenue and Other Legislative Amendment (Budget Measures) Bill 2008* passed Parliament on 4 December 2008. The Bill is expected to be assented to before the end of the year, with some of the revenue measures coming into effect on 1 January 2009.

### Land Tax

From the 2009 land tax year, a marginal rate of 2% will apply to land tax payers with total taxable land holdings above \$2.25 million, except for exempt land such as a principal place of residence or rural land. The higher marginal rate will only apply to landholdings in excess of the \$2.25 million threshold, which will be indexed from year to year.

Landholding below the premium threshold will remain subject to the 1.6% rate and receive the tax free threshold of \$368,000.00 in the 2009 land tax year.

### Duties for Establishing Trusts

From 1 January 2009, the stamp duty payable to the Office of State Revenue on the execution of certain trust documents in New South Wales, such as family discretionary trusts, will increase from \$200.00 to \$500.00.

If you intend to establish a trust in New South Wales, it is advisable to do so prior to the end of 2008. Please contact us if you require any assistance in this regard.

### Nominal Duties

On a range of documents on which nominal stamp duty of either \$2.00 or \$10.00 is paid, such as duplicate contracts, collateral mortgages, change of trustees and transfers of property under wills, the duty will increase to \$10.00 and \$50.00 respectively as from 1 January 2009.

### Deferred Abolition of Certain Stamp Duties

The stamp duty on unquoted marketable securities in NSW was scheduled to be abolished on 1 January 2009. Similarly, mortgage duty on business loans was to be abolished on 1 July 2009 and transfer duty on non-land business assets was to be abolished on 1 January 2011.

As part of the Mini-Budget measures, however, the abolition of these stamp duties is now deferred to 1 July 2012.

### Parking Space Levy

From 1 July 2009, the parking space levy in the business districts of Sydney, North Sydney and Milsons Point will increase from \$950.00 a year to \$2,000.00 a year for every off-street non-residential parking space. In the business districts of St Leonards, Chatswood, Parramatta and Bondi Junction, the parking space levy will increase from \$470.00 to \$710.00 per year.

### Landholder Duty

The NSW Government has foreshadowed the replacement of the current "land rich" duty with a new "landholder" duty. Under the existing "land rich" duty provisions, the purchase of a substantial number of shares in a private company or private trust where more than 60% of the assets are land is subject to transfer duty.

The new landholder duty in New South Wales will require duty to be paid if a significant parcel of shares or units in an entity that owns land above a threshold value is transferred. The details of this duty are likely to be made public in 2009 prior to its introduction on 1 July 2009.

**Norbert Schweizer, Partner**

+61 (2) 9223 9399

[nschweizer@schweizer.com.au](mailto:nschweizer@schweizer.com.au)



## Holiday Notice

**The office of Schweizer Kobras will close from noon on Wednesday, 24 December 2008 and re-open at 8:30 am on Monday, 5 January 2009. We take this opportunity to wish you the compliments of the season.**



**Schweizer Kobras Pty Ltd** • An Incorporated Legal Practice • ACN 082 983 300 • ABN 80 323 580 453  
 Level 5 • 23-25 O'Connell Street • Sydney NSW 2000 | PO Box H283 • Australia Square NSW 1215  
 DX: 10161 Sydney Stock Exchange • Email: [mail@schweizer.com.au](mailto:mail@schweizer.com.au) • Internet: [www.schweizer.com.au](http://www.schweizer.com.au)  
 Telephone: +61 (0)2 9223 9399 • Facsimile: +61 (0)2 9223 4729  
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