



Technical update

Private & Entrepreneurial Clients

New measures introduced to safeguard revenue

State Government responds to the economic climate

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Due to the current economic conditions local and worldwide, the Queensland Government recently announced new measures in a bid to reduce spending and increase revenue to safeguard the State's fiscal position.

Below we focus on the changes in relation to land tax and stamp duty specifically.

Land tax

From 1 July 2009, a 0.5% surcharge will apply if the aggregate unimproved value of all land owned by a landholder, for land tax purposes, exceeds \$5M. The surcharge will apply to the excess over the \$5M.

The new land tax rates will therefore be as follows from 1 July 2009:

Land held by resident individual

Unimproved land value	Land tax rate
\$600K - \$1M	\$500 + 1% of excess over \$600K
\$1M - \$3M	\$4,500 + 1.65% of excess over \$1M
\$3M - \$5M	\$37,500 + 1.25% of excess over \$3M
\$5M +	\$62,500 + 1.75% of excess over \$5M

Land held by companies, trustees, and absentees

Unimproved land value	Land tax rate
\$350K - \$2.25M	\$1,450 + 1.7% of excess over \$350K
\$2.25M - \$5M	\$33,750 + 1.5% of excess over \$2.25M
\$5M +	\$75,000 + 2% of excess over \$5M

Stamp duty

When the GST was introduced, the Queensland Government agreed to abolish stamp duties on various dutiable transactions. To date, a significant number of duties have been abolished.

Under the duty abolition timetable, the stamp duty on the transfer of core business assets was originally intended to be halved from 1 January 2010 and fully abolished from 1 January 2011.

However, given the current economic conditions, the Queensland Government has now deferred the abolition of the duty on the transfer of core business assets to 1 July 2012.

BDO Kendalls' comment

The introduction of the land tax surcharge will add significant costs to some land owners, especially if the land is held by a non-individual. This increase may very well claw back some of the benefits of the recent interest rate cuts.

The deferral of stamp duty on the transfer of core business assets is also disappointing to those businesses that have been waiting for the abolition to restructure their businesses. Stamp duty has long been regarded as a hindrance to business as the significant impost discourages business restructures. Such restructures are often necessary to unleash efficiencies and remove deficiencies inherent in a historical structure that no longer serves its purpose effectively as the business grows. The deferral may be yet another blow to businesses that wish to adopt defensive strategies to cope with the current economic conditions.

As in most cases, there may be ways to restructure your affairs to reduce the impact of Government policies.

For further information on how we can provide solutions for your organisation, please contact your usual business adviser on the number below or visit our website.

More information

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