



ACT Government

2002-2003 BUDGET

BUDGET 2002-03 REVENUE MEASURES **DELIVERING A FAIR AND FINANCIALLY SOUND** **BUDGET**

The 2002-03 Budget contains a number of revenue measures designed to deliver a fair and financially sound budget.

ACT Treasurer Ted Quinlan said the new and enhanced measures are designed to deliver to the community the general level of services they expect, while minimising the impact on families, the disadvantaged and business, where possible.

“Given the tight fiscal environment, we are remaining faithful to our pre-election commitments of minimising the adverse financial impacts on those who can least afford them,” Mr Quinlan said.

“The ACT will experience a modest increase in revenue in 2002-03.

“The Budget increases conveyance duty rates, increases payroll tax liability, increases land tax for non-residential properties, introduces parking fees in Belconnen and Tuggeranong and sees an increase in motor vehicle registration.

“An increase to conveyance duty rates, which have not been amended since 1987, will be spread across a range of values at the higher end of the property market, minimising the impact on lower value properties. Total revenue for this increase is expected to amount to \$7.3 million in 2002-03.

“There will be little or no increase in conveyance duty payable on properties under \$200,000, and just a 5% increase on properties worth between \$200,000 and \$300,000. Duty payable on a house of \$550,000 will increase by around \$3,000 or 15%. This group accounts for approximately 3% of all home buyers.

The duty payable on a house of median value (\$210,000) will increase by 0.1% or \$35.

The 2002-03 Budget will also see around a 1.1% increase in payroll tax liability for employers over the threshold. This is due to a change in the value of fringe benefits for payroll tax base from the aggregate amount to the grossed up value in line with the Fringe Benefits Tax Assessment Act (Commonwealth), and the inclusion of the eligible termination payments in the payroll tax base. Total revenue for this initiative is estimated to be \$2.3 million in 2002-03.

“Given the nature of small business in the ACT, with most businesses being under the payroll tax threshold, there will only be minimal, if any, impact on private sector employment in Canberra.

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Media Release



Mr Quinlan said there would be an increase to land tax marginal rates for non-residential properties in Canberra in the budget, with total revenue for 2002-03 estimated at \$1.56 million.

“This initiative will see small increases in the land tax rate of between 0.15% and 0.20% applied to the average unimproved land value of \$100,000 and above. Land tax applied to the average unimproved land value up to \$100,000 remains unaffected.

“In recognition of the significant capital gains/assets obtained by some groups of property owners, the new land tax measures are needed to raise the required revenue, but are designed to limit the impact to the high valued properties,” Mr Quinlan said.

Mr Quinlan said the Government would also remove the residential land tax exemption status for property owners that are legal entities, such as companies or trusts, with total revenue expected for 2002-03 at \$525,000.

“This measure will impose a land tax from 1 October 2002 on residential properties that are not rented but are owned by companies and trusts. Companies and trusts that own residential properties generally receive some form of income tax benefit and this measure, together with appropriate exemptions, is to achieve better equity in the land tax system.

“To minimise any unintended or adverse impacts of the new revenue measures, government will provide deferment, exemptions and consider application for tax waivers from taxpayers with compelling circumstances where appropriate,” Mr Quinlan said.

The Treasurer said the revenue measures were designed to distribute the tax burden more equitably between the business sectors and households in order to fund an infrastructure and environment that is expected by the community.”

“Paid Parking is being introduced in Belconnen and Tuggeranong in 2003. Expected revenue for 2002-03 is \$448,000, rising to \$2.970 million in 2004-05. This initiative compliments the single zone bus fares being introduced by ACTION.

“Annual motor vehicle registration will rise from 1 September 2002, with fees increasing by \$26 on average, bringing the fees in line with NSW. It is estimated that revenue for the increase will be \$3.9 million in 2002-03.”

Statement ends 25 June 2002