

APPENDIX E: TAX EXPENDITURE AND CONCESSIONAL CHARGES STATEMENT

E1: DETAILED ESTIMATES OF TAX EXPENDITURES

TRANSFER DUTY (INCLUDING “LAND RICH” DUTY)

The benchmark tax rates for Purchaser Transfer Duty (other than for the Crown in right of New South Wales or the Commonwealth) are as follows:

- ◆ for transfers relating to the **purchase** of **non-residential** property, the benchmark tax rate is defined against marginal tax rates varying from 1.25 to 5.5 per cent; and
- ◆ for transfers relating to the **purchase** of **residential** property, the benchmark tax rate is defined against marginal rates varying from 1.25 to 7 per cent.

From 10 November 2004, duty applied to the disposal of indirect interests in land.

Table E1: Transfer Duty¹

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
First Home Plus/First Home Plus One			
First Home Plus provides all eligible first home buyers with a full exemption from transfer duty where the home is valued up to \$500,000 with a phase-out of the benefit between \$500,000 and \$600,000. First home buyers of vacant land receive a full exemption from duty on land valued up to \$300,000. The exemption phases out as land value increases to \$450,000. Group self-build schemes are also eligible. From 1 May 2007, duty concessions are also provided to eligible first home buyers taking part in shared equity arrangements in proportion to their share of equity in the home.	401	407	396
Transfer of residences between spouses			
An exemption is granted for property transferred between spouses or de facto partners, subject to the property being jointly held after transfer.	39	42	43
Transfers of matrimonial property consequent upon divorce			
An exemption is granted for transfers between parties under the <i>Family Law Act 1975</i> (Cth) or partnership property under the <i>Property (Relationships) Act 1984</i> .	114	124	128
Intergenerational rural transfers			
An exemption is granted for transfers of rural land used for primary production between generations, and between siblings, to facilitate young family members taking over family farms.	14	9	9
Exemption for purchases by charitable and benevolent institutions where the property is to be used for approved purposes			
	18	20	20
Corporate reconstructions			
An exemption is given for corporate reconstructions, provided certain qualifying criteria are satisfied.	162	234	188

¹ For reference purposes, where "n.a." appears in tables this refers to a tax expenditure estimated to cost more than \$1 million, but is not able to be costed due to the lack of available data. Where the table includes reference to an ellipsis (...) this refers to the tax expenditure having a zero value in that year.

Table E1: Transfer Duty (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Transfer of property from companies and trusts to individuals			
Exemption for transfer of a principal place of residence from a corporation or a special trust to certain individuals, or transfer of any land owned by a special trust from the trust to certain persons, provided the land was owned by the corporation on 11 September 1990.	1	2	2
Other Legislation			
Exemption is granted for certain transfers of dutiable property contained in other legislation.	5	14	8
Councils and County Councils			
Duty is not chargeable on the transfer of property to a council or county council under the <i>Local Government Act 1993</i> .	3	7	4
'Off the plan' purchases			
Duty may be deferred for purchases of real estate until completion of the sale or 12 months after the contract.	n.a.	n.a.	n.a.
Nominal transfer duty is payable on the transfer of properties as a result of a change in trustees	n.a.	n.a.	n.a.
Transfer of property of deceased to persons entitled to the property in the estate	n.a.	n.a.	n.a.

Minor Tax Expenditures (< \$1 million)

- ◆ A person who has sold his or her property to a local government council because the home was built on flood-prone land, and purchased another home, may pay purchaser transfer duty on the contract by instalment over a five-year period.
- ◆ Certain instruments relating to superannuation are subject to nominal duty.
- ◆ A credit of purchaser transfer duty previously paid is applied to amalgamations of certain Western Lands leases.

The following are exempt from purchaser transfer duty:

- ◆ transfers of poker machine permits where there is no change in beneficial ownership
- ◆ Equity Release Scheme – approved equity release schemes for aged home owners
- ◆ certain purchases of manufactured relocatable homes (caravans)
- ◆ transfers of property in a statutory trust as a result of an order under Section 66G of the *Conveyancing Act 1919*
- ◆ the vesting of common property in a body corporate on the registration of a strata plan or strata plan of subdivision under the *Strata Schemes (Freehold Development) Act 1973* or the *Strata Schemes (Leasehold Development) Act 1986*
- ◆ call option assignments, subject to certain conditions
- ◆ certain transfers to incorporated legal practices or incorporated pharmacy practices
- ◆ transfer of a liquor licence in certain circumstances under Sections 41, 42 or 61 of the *Liquor Act 1982*
- ◆ transfer of property related to allocating funds for water saving projects
- ◆ duty concession for an acquisition of an interest in a land rich landholder for the purpose of securing financial accommodation
- ◆ concession for buy-back arrangements related to unit trust schemes that meet certain criteria
- ◆ a principal place of residence by tenants of the Department of Housing, the Community Housing Program administered by the Department of Housing and the Aboriginal Housing Office
- ◆ transfers back to a former bankrupt by trustee of his or her estate
- ◆ transfers by way of mortgage or discharge of mortgage of old system titled properties
- ◆ transfers where public hospitals are the liable party

- ◆ instruments executed by or on behalf of a council or county council under the *Local Government Act 1993*, not connected with a trading undertaking
- ◆ transfers executed for the purpose of amalgamation or dissolution of clubs or the formation of a new club under Section 17A of the *Registered Clubs Act 1976*
- ◆ instruments executed by or on behalf of agencies within the meaning of the Convention on the Privileges and Immunities of the Specialised Agencies approved by the General Assembly of the United Nations in 1947
- ◆ transfers between associations of employees or employers registered under the *Workplace Relations Act 1996* (Cth) for the purpose of amalgamation
- ◆ transfer of property to the NSW Aboriginal Land Council, Regional Aboriginal Land Council, or Local Aboriginal Land Council and
- ◆ transfers of property between licensed insurers, and between the WorkCover Authority and licensed insurers, under the *Workers Compensation Acts of 1926 and 1987* (NSW).

GENERAL INSURANCE DUTY

The benchmark is defined as all premiums for general insurance policies, except insurance covering only property of the Crown in right of New South Wales. The benchmark tax rate is 9 per cent of premium paid for contracts or renewals that take effect after 1 September 2005.

Table E2: General Insurance Duty

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Concessional rates for motor vehicle, aviation, disability income, occupational indemnity, crop and livestock			
From 1 September 2005, a concessional rate of 5 per cent applies to certain categories of insurance including motor vehicle (excluding compulsory third party [the green slip]), aviation, disability income and occupational indemnity. Crop and livestock insurance is taxed at 2.5 per cent. Until 31 January 2010, insurance under the Debtor Insurance Scheme of the Stock and Station Agents Association is also taxed at 2.5 per cent.	200	200	208

Table E2: General Insurance Duty (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Exemption for third party motor vehicle personal injury insurance as per the <i>Motor Vehicle Act 1988</i>			
Third party motor vehicle personal injury insurance (green slip) is exempt from stamp duty.	145	148	157
Marine and cargo insurance			
Exemption for marine insurance covering hulls of commercial ships and the cargo carried by land, sea or by air.	14	15	15
Exemption for WorkCover premiums	185	176	186
Exemption for medical benefits insurance	n.a.	n.a.	n.a.

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ insurance by non-profit charities, benevolent, philanthropic, patriotic organisations and societies or institutions whose resources are used wholly or predominantly for, the relief of poverty, the promotion of education, any purpose directly or indirectly connected with defence or the amelioration of the condition of past or present members of the naval or air forces of the Commonwealth or their dependants; or any other patriotic object
- ◆ insurance by the NSW Aboriginal Land Council, Regional Aboriginal Land Council and Local Aboriginal Land Council
- ◆ non-commercial ventures of local councils
- ◆ insurance covering mortgages or pools of mortgages acquired for issuing mortgage backed securities
- ◆ separate policies covering loss by fire of labourer's tools
- ◆ redundancy insurance in respect of a housing loan that does not exceed \$124,000 and
- ◆ reinsurance.

LIFE INSURANCE DUTY

The benchmark is defined as all products (or part thereof) where the sum assured offered by life insurance companies provides for a payment in the event of death or injury from natural causes of the person insured or upon survival to a specified age. The benchmark tax rate is 10 cents per \$200 where the sum assured is less than \$2,000 and \$1 plus 20 cents per \$200 or part thereof where the sum assured is greater than \$2,000.

Table E3: Life Insurance Duty

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Superannuation			
An exemption is granted to all group superannuation investment policies that are for the benefit of more than one member.	98	92	96
Annuities			
An exemption is provided to annuities.	17	18	18

MORTGAGE DUTY

Up to 1 September 2007, the benchmark is defined as all secured loans that affect property in New South Wales, except mortgages given by the Commonwealth or NSW Government, or any public statutory body constituted under a law of this State. The benchmark tax rate is \$5 up to \$16,000 plus \$4 per \$1,000 or part thereof on the excess.

From 1 September 2007, the benchmark is defined as all secured loans that affect property in New South Wales, with the exception of mortgages for owner-occupied residences, mortgages given by the Commonwealth or NSW Government or any public statutory body constituted under a law of this State. The benchmark tax rate is \$5 up to \$16,000 plus \$4 per \$1,000 or part thereof on the excess.

From 1 July 2008, the benchmark is defined as all secured loans that affect property in New South Wales, with the exception of mortgages for new housing finance commitments to individuals for the purpose of residential property investment, mortgages for owner-occupied residences, mortgages given by the Commonwealth or NSW Government or any public statutory body constituted under a law of this State. The benchmark tax rate is \$5 up to \$16,000 plus \$4 per \$1,000 or part thereof on the excess.

Table E4: Mortgage Duty

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Refinanced loans where the borrower and the security for the loan remain the same			
A mortgage that secures the amount of the balance outstanding under an earlier mortgage granted for the same borrower over the same or substantially the same property is exempt. Any additional amount above the previously secured amount is liable for duty.			
From 1 August 2005, the exemption for refinancing a mortgage up to the previous amount secured through a different lender was restricted to amounts not exceeding \$1 million.	334	282	164
First home purchase mortgage covered by First Home Plus/First Home Plus One			
Mortgages financing a first home purchase eligible under the First Home Plus Scheme are exempt from duty up to certain loan values, phasing out as the mortgage value increases. From 1 May 2007, duty concessions are also provided to eligible first home buyers taking part in shared equity arrangements in proportion to their share of equity in the home.	41	11	...
Mortgage-backed securities			
An exemption is given for financial institutions using pooled mortgages from their lending assets as security for borrowing funds.	n.a.	n.a.	n.a.
Loan-backed securities			
Securities issued backed by cash flow from loans (secured and unsecured) are exempted from duty.	n.a.	n.a.	n.a.
Fund raisings by finance companies through debenture issues			
A concession is given to companies whose sole or principal business is to provide finance to the public. Debentures issued, trust deeds and mortgages executed by "financial corporations" as defined in the legislation are not liable to duty. However, the trust deed is stamped as a Declaration of a Trust.	n.a.	n.a.	n.a.

Table E4: Mortgage Duty (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Consumer credit contract			
Mortgages securing amounts under a consumer credit contract, where the amount financed is \$35,000 or less are exempt from duty.	n.a.	n.a.	n.a.
Instruments creating mortgage-backed securities			
An instrument executed for the purpose of creating, issuing or marketing mortgage-backed securities is exempt from duty.	n.a.	n.a.	n.a.

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ duty is not charged on additional loans secured under a mortgage if the additional loans do not exceed \$10,000 in any 12 month period, not being the 12 month period following the making of the initial loan
- ◆ mortgages created solely for the purpose of providing security in accordance with a condition imposed on the grant of bail in criminal proceedings
- ◆ a mortgage of any ship or vessel, or of any part, interest, share or property of or in any ship or vessel
- ◆ the refinancing of a loan following divorce or the break up of a de facto relationship
- ◆ any mortgage made or given to the WorkCover Authority
- ◆ mortgages given by a council or county council under the *Local Government Act 1993*
- ◆ mortgages given by institutions for the relief of poverty and promotion of education
- ◆ mortgages given by institutions of charitable or benevolent nature, or for the promotion of the interests of Aborigines
- ◆ mortgages given by the NSW Aboriginal Land Council, Regional Aboriginal Land Council and Local Aboriginal Land Council

- ◆ offshore banking units (as defined in *the Income Tax Assessment Act 1936* (Cth)) where a loan is executed for offshore parties
- ◆ mortgages by public hospitals
- ◆ mortgages under the *Liens on Crops and Wool and Stock Mortgage Act 1898*
- ◆ an agricultural goods mortgage under the *Security Interests in Goods Act 2005*
- ◆ a mortgage that secures an amount advanced by an employer or a related body corporate of an employer to an employee of the employer, to finance a purchase by the employee of shares in the employer, or a related body corporate of the employer, if the amount advanced (and the total of all advances that the mortgage secures) does not exceed \$16,000
- ◆ agencies within the meaning of the Convention on the Privileges and Immunities of the Specialised Agencies approved by the General Assembly of the United Nations in 1947
- ◆ mortgages by clearing houses of the Sydney Futures Exchange and Australian Options Market that do not secure an advance
- ◆ a document that becomes a mortgage if the mortgage is executed for the purposes of certain money market operations
- ◆ a charge over land that is created under an agreement for the sale or transfer of the land if any part of the deposit or balance of the purchase price for the land is paid to the vendor (or as the vendor directs) before completion of the sale or transfer and
- ◆ an advance to a natural person or a strata corporation for the acquisition of farm machinery or a commercial vehicle that is secured by the mortgage.

MARKETABLE SECURITIES DUTY

The benchmark is defined as the turnover (sale price \times quantity traded) of shares that are not quoted on the Australian Stock Exchange or a recognised stock exchange. The benchmark tax rate is 60 cents per \$100 or part thereof, with the purchaser paying the duty.

Table E5: Marketable Securities Duty

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Corporate reconstructions			
An exemption is given for corporate reconstructions provided certain qualifying criteria are satisfied.	90	109	57

Minor Tax Expenditures (< \$1 million)

Duty of \$10 is charged on the transfer of unquoted marketable securities between the beneficial owner and the trustee or nominee of the beneficial owner.

The following transfers are exempt:

- ◆ transfers of units in a unit trust where the purpose is to give effect to a merger or takeover of qualifying unit trusts
- ◆ share buy-backs by NSW companies
- ◆ mining companies whose operations relate solely to New South Wales if the consideration for the transfer or agreement is not less than the unencumbered value of the marketable securities
- ◆ transfers to parties outside a marriage where the transfer is pursuant to an order of the Family Court of Australia and
- ◆ certain transfers of shares by superannuation funds to and from a Pooled Superannuation Fund.

MOTOR VEHICLE REGISTRATION DUTY

The benchmark taxable activity is defined as the purchase of a new vehicle and the subsequent transfer of the vehicle. The benchmark tax rate is \$3 per \$100 or part thereof for vehicles valued to \$45,000 and \$1,350 plus \$5 per \$100 or part thereof for passenger vehicles valued above \$45,000.

Table E6: Motor Vehicle Registration Duty

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Local councils			
An exemption is granted for the transfer of registration into the name of a local council, not being for a trading undertaking.	12	11	12
Transfer of ownership after divorce or a breakdown of a de facto relationship			
An exemption is granted for the transfer of registration into the name of one of the parties to a divorce or separation in a de facto relationship.	1	1	2
Transfer of ownership of a deceased registered owner			
An exemption is granted for the transfer of registration to the legal personal representative of a deceased registered owner or the person beneficially entitled to the vehicle in the estate.	4	4	4
New demonstrator motor vehicle			
An exemption is granted for the registration of a motor vehicle to a licensed motor dealer or wholesaler under the <i>Motor Dealers Act 1974</i> .	43	49	53
Extreme disablement adjustment and other disabled war veterans			
An exemption is provided to war veterans in receipt of a totally and permanently incapacitated (TPI) pension, veterans in receipt of an extreme disablement adjustment pension, an intermediate service pension or 70 per cent or higher of the disability pension from the Department of Veterans Affairs.	2	2	2

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ all vehicles registered by non-profit charitable, benevolent, philanthropic or patriotic organisations
- ◆ transfer of vehicles as part of a corporate reconstruction, provided certain qualifying criteria is satisfied
- ◆ vehicles specially constructed for ambulance or mine rescue work
- ◆ vehicles weighing less than 250 kg used for transporting invalids

- ◆ Rural Lands Protection Boards (established under the *Rural Lands Protection Act 1998*)
- ◆ vehicles registered by NSW Aboriginal Land Council, Regional Aboriginal Land Council and Local Aboriginal Land Council and
- ◆ a duty concession applies to vehicles modified for use by disabled persons.

HIRE OF GOODS DUTY

Hire of goods duty was abolished from 1 July 2007. Prior to that date, the benchmark was defined as all short-term consumer hiring and other non-finance rentals greater than \$14,000 per month, and equipment financing arrangements, including hire purchase arrangements. The benchmark tax rate was 0.75 per cent for equipment financing arrangements, and 1.5 per cent for other hires, with a maximum of \$10,000 tax payable for any single arrangement.

There are no major tax expenditures.

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ prosthetic items and invalid aids, or any similar aid, device or appliance for the use by a person who is partially or totally incapacitated
- ◆ “wet hires” (where equipment is hired with an operator)
- ◆ motor vehicles subleased by an employee to an employer
- ◆ gas, water and electricity meters
- ◆ arrangements between related bodies corporate
- ◆ certain arrangements in relation to aircraft, ships and vessels or the hire of an engine or other component of an aircraft, ship or vessel
- ◆ arrangements for the use of goods by a public hospital
- ◆ a credit contract within the meaning of the *Consumer Credit (New South Wales) Code*
- ◆ books
- ◆ on-site caravans

- ◆ arrangements with traders for displaying or demonstrating goods pending their sale or hire to a third party
- ◆ hire of goods as part of a lease or franchise arrangement and
- ◆ where the use of goods is incidental and ancillary to the provision of a service.

LEASE DUTY

Lease duty was abolished from 1 January 2008.

Prior to that date, the benchmark was defined as any lease of real property with a total rental cost greater than \$20,000 per year in New South Wales. The benchmark tax rate was 35 cents per \$100 (or part thereof) of the total cost of the lease.

Table E7: Lease Duty

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Exemption for residential leases			
A residential lease under which a person has a right to occupy premises as a place of residence for a term not exceeding five years is exempt.	n.a.	n.a.	...

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ leases on a movable dwelling site (mainly sites in caravan parks and relocatable home parks) used or intended to be used as a place of residence for a term of not more than five years
- ◆ leases executed in accordance with Part V of the *National Health Act 1953* (Cth)
- ◆ leases executed by the NSW Aboriginal Land Council, Regional Aboriginal Land Council or Local Aboriginal Land Council
- ◆ leases of premises to the Home Care Service of New South Wales and
- ◆ leases (granted by or on behalf of a corporation, society or institution) of residential accommodation for retired and disabled persons.

PAYROLL TAX

The tax benchmark is defined as aggregate annual gross remuneration paid by a single or group taxpayer in excess of a threshold of \$600,000. The benchmark tax rate is 6 per cent.

From 1 January 2009, the benchmark tax rate will reduce to 5.75 per cent.

Table E8: Payroll Tax

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Public hospitals and Area Health Services			
An exemption is granted for remuneration paid by a public hospital or an area health service to a person while engaged in work of a kind ordinarily performed in connection with the conduct of these organisations. From 1 July 2007, the person must be engaged exclusively in work of a kind ordinarily performed in connection with the conduct of these organisations.	439	465	483
Schools and colleges			
An exemption is granted for remuneration paid by a school or college (other than a technical school or a technical college), that is not carried on by or on behalf of the State of New South Wales, is not for profit and which provides education at or below, but not above, the secondary level of education.	112	122	128
Religious institutions			
An exemption is granted for remuneration paid by a religious institution to a person while exclusively engaged in work of a kind ordinarily performed in connection with these institutions.	10	10	11
Charitable institutions			
An exemption is granted for remuneration paid by a non-profit organisation having wholly charitable, benevolent, philanthropic or patriotic purpose/s (other than an instrumentality of the State) to a person while engaged exclusively in work of a kind ordinarily performed in connection with a charitable, benevolent, philanthropic or patriotic nature.	36	39	41

Table E8: Payroll Tax (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Local councils			
Up to 1 July 2007, an exemption is granted for remuneration paid by a council or county council, except where wages are paid in connection with a number of trading undertakings, such as supply of electricity or gas, water, sewerage services, LPG, hydraulic power and the supply and installation of associated fittings and appliances and of pipes and apparatus, the operation of an abattoir or public food market, parking station, cemetery or crematorium, hostel, coal mine, the supply and distribution of coal, the supply of building materials, operation of a transport service, a prescribed activity or the construction of any building or work or the installation of plant, machinery or equipment for use in or in connection with any of the activities listed.			
From 1 July 2007, the exemption will include wages paid by a wholly owned subsidiary of a council and public markets.	168	180	187
Private hospitals and nursing homes			
An exemption is granted for remuneration paid by a non-profit hospital to a person engaged exclusively in work of a kind ordinarily performed in connection with the conduct of hospitals.	12	14	14
Home Care Service			
Salaries paid to employees of the Home Care Service are exempt.	8	8	9
Apprentices			
Up to 1 July 2008, all wages paid to an apprentice are exempt from payroll tax. From 1 July 2008, all not-for-profit group training apprentices schemes will continue to be fully exempt. All other employers employing apprentices will be eligible for a full rebate.	18	19	19
Trainees			
Up to 1 July 2008, all wages paid to trainees are exempt from payroll tax. From 1 July 2008, all not-for-profit group training traineeship schemes will continue to be fully exempt. All other employers employing trainees will be eligible for a full rebate.	10	11	11

Table E8: Payroll Tax (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Redundancy payments			
Bona fide redundancy or approved early retirement scheme payments are exempt.	6	6	7
Maternity Leave			
From 1 July 2007, an exemption is provided for maternity leave payments for a period of up to 14 weeks.	...	5	5

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ wages paid to an employee who is on leave from employment by reason of service in the Defence Forces
- ◆ wages paid to persons employed under the Community Development Employment Project administered by the Aboriginal and Torres Strait Islander Commission
- ◆ wages paid by the Australian-American Fulbright Commission
- ◆ wages paid by the Commonwealth War Graves Commission
- ◆ wages paid to members of the official staff by a consular or other non-diplomatic representative of another country or by a Trade Chief Commissioner representing in Australia any other part of the Commonwealth of Nations
- ◆ wages paid for a joint government enterprise that has the function of allocating funds for water saving projects
- ◆ wages paid by the Governor of a State
- ◆ wages paid to employees while the employees are providing volunteer assistance to the State Emergency Services or Rural Fire Brigades (but not in respect of wages paid or payable as recreation leave, annual leave, long service leave or sick leave)
- ◆ from 1 July 2007, an exemption is provided for adoption leave payments for a period of up to 14 weeks

- ◆ up to 1 July 2007, financial planners who are authorised representatives of an Australian Financial Services (AFS) licence holder are exempt from payroll tax. From 1 July 2007, this exemption was abolished and
- ◆ up to 1 July 2007, an exemption applies for employment agents that on-hire staff where the recipient of the services is not liable for payroll tax because the employer's annual wages are less than the threshold. From 1 July 2007, this exemption was abolished.

LAND TAX

The benchmark tax base is defined as the average of the last three years unimproved land value of all land owned (as defined in the *Land Tax Management Act 1956*), with the exception of land used for owner-occupied residences, as at 31 December of the preceeding year by a person or organisation other than the Commonwealth or NSW Governments.

The benchmark tax rate for the 2007 land tax year is 1.7 per cent. The benchmark tax rate for the 2008 land tax year and beyond is 1.6 per cent.

Table E9: Land Tax

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Boarding houses for low-income persons			
An exemption is granted for land used by boarding houses which meet approved guidelines, principally that the rent charged is less than the amount prescribed by the guidelines.	6	6	6

Table E9: Land Tax (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Land used for primary production			
An exemption is granted to land used for primary production purposes. In 2005 the definition was changed to restrict the exemption to situations where the land is used for primary production for the purpose of selling the produce from the land. This new definition excludes some land (such as hobby farms) previously granted the exemption.	359	350	365
Racing clubs			
An exemption is granted for land owned by or held in trust for any club for promoting or controlling horse racing, trotting or greyhound racing which is used primarily for the purposes of the meetings of the above.	7	7	8
Employer and employee organisations			
An exemption is granted for land owned by or held in trust for employer and employee organisations for that part that it is not used for a commercial activity open to members of the public.	2	2	3
Co-operatives			
An exemption is granted for land owned by a co-operative whose objectives are listed under the <i>Co-operatives Act 1992</i> (NSW) and whose objectives are listed in Section 7 of that Act.	9	8	9
Public cemeteries and crematoriums			
An exemption is granted for any land used as a public cemetery or crematorium.	12	12	13
Retirement villages			
An exemption is given for land owned and used by retirement villages, and residential parks predominantly occupied by retired persons.	95	93	97
Child care centres			
An exemption is granted for land used as a residential child care centre licensed under the <i>Children (Care and Protection) Act 1987</i> or a school registered under the <i>Education Act 1900</i> .	4	4	4

Table E9: Land Tax (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Public and private hospitals and Area Health Services			
An exemption is granted for land used by a public hospital (including nursing homes) or Area Health Service.	16	16	16
Early payment discount			
A discount of 1.5 per cent on land tax payable is available where the taxpayer pays the whole amount within 30 days after issue of the notice of assessment.	15	15	15
Religious societies			
An exemption is provided for land owned by or in trust for a religious society if the society is carried on solely for religious, charitable or educational purposes.	11	11	11
Place of worship or residence			
An exemption is provided for a place of worship for a religious society, or a place of residence for any clergy or ministers or order of a religious society.	n.a.	n.a.	n.a.
Agricultural showgrounds			
An exemption is granted for land used and occupied for the purpose of holding agricultural shows, or shows of a like nature and owned by, or held in trust for, a society which is established for the purpose of holding such shows not for the pecuniary profit of its members and primarily uses its funds for the holding of such shows.	n.a.	n.a.	n.a.
Friendly societies			
An exemption is granted for any society registered under the <i>Friendly Societies (NSW) Code</i> .	n.a.	n.a.	n.a.
Non-profit societies, clubs and associations			
An exemption is provided where a building (or part thereof) is occupied by a society, club or association not carried on for pecuniary profit.	n.a.	n.a.	n.a.
Charitable and educational institutions			
An exemption is provided for land owned by or in a trust for a charitable or educational institution if the institution is carried on solely for charitable or educational purposes and not for pecuniary profit.	n.a.	n.a.	n.a.

Table E9: Land Tax (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Public gardens, recreation grounds and reserves			
An exemption is provided for land used as a public garden, public recreation ground or public reserve.	n.a.	n.a.	n.a.
Sporting clubs			
An exemption is provided for land owned by or in a trust for any club or body of persons where the land is used primarily for the purpose of a game or sport and not used for pecuniary profit of the members of that club or body.	n.a.	n.a.	n.a.
Sydney Light Rail			
An exemption is provided in respect of the land occupied by the Sydney Light Railway.	n.a.	n.a.	n.a.
Land owned and used by a local council	n.a.	n.a.	n.a.

Minor Tax Expenditures (< \$1 million)

- ◆ Concession for unoccupied flood liable land.

The following are exempt:

- ◆ certain public trading enterprises
- ◆ low cost accommodation within 5 km of Sydney GPO
- ◆ Marketing of Primary Products Boards, Rural Lands Protection Boards and Agricultural Industry Service committees
- ◆ NSW Aboriginal Land Councils, Regional Aboriginal Land Councils and Local Aboriginal Land Councils
- ◆ temporary absences from a home, including circumstances where a home has been destroyed due to fire, storm, earthquake, accidental or malicious damage
- ◆ community land development
- ◆ land subject to a conservation agreement under the *National Parks and Wildlife Act 1974* or a trust registered under the *Nature Conservation Trust Act 2001*, being in either case an agreement that remains in force in perpetuity

- ◆ land owned, held in trust or leased by the Nature Conservation Trust of NSW, or land subject to a permanent conservation or trust agreement
- ◆ land that is the subject of a biobanking agreement
- ◆ land owned by a joint government enterprise that has the function of allocating funds for water saving projects
- ◆ land used solely as a police station
- ◆ land leased for use as a fire brigade, ambulance or mines rescue station and
- ◆ land owned by RSL (NSW Branch), being Anzac House.

VEHICLE WEIGHT TAX

The benchmark is defined as all vehicles intended for on-road use, with the exception of Commonwealth Government vehicles which, for constitutional reasons, do not form part of the tax base. The benchmark tax rate is as defined in the *Motor Vehicles Taxation Act 1988 (NSW)* for private and business vehicles.

Table E10: Vehicle Weight Tax

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Selected social security recipients			
An exemption is granted in respect to any motor vehicle owned by holders of pensioner concession cards, Department of Veteran Affairs (DVA) Totally and Permanently Incapacitated cards and DVA Gold War Widow's cards. Those pensioners must use the vehicle substantially for non-business purposes.	137	143	151
Primary producers			
Primary producer concessions include, for motor vehicles not greater than 4.5 tonnes of gross vehicle mass, private rates rather than business rates for cars and station wagons and 55 per cent of business rates for trucks, tractors and trailers.	20	20	21
General purpose plant			
Concessions are provided for machines that cannot carry any load other than tools and accessories necessary for the operation of the vehicle.	17	20	21

Table E10: Vehicle Weight Tax (cont)

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Roadwork equipment – owned by local government			
An exemption is granted to any motor vehicle or plough, bulldozer, mechanical scoop or shovel, road grader, road roller or similar machinery that is owned by a local council within the meaning of the <i>Local Government Act 1993</i> and which is used for the purposes of road construction, road maintenance, road repair, removal of garbage or night soil, bush fire fighting, civil defence work or to any roller, lawn mower or similar machinery used solely or principally for the rolling or maintenance of tennis courts, cricket pitches, lawns or pathways.	5	5	5
Federal government authorities			
Any motor vehicle that is leased to a Commonwealth Authority as provided under Section 16, Part 3, (2) (d) of the <i>Commonwealth Vehicles (Registration and Exemption from Taxation) Act 1997</i> .	2	2	2
Concessions provided under Part 4, section 16 and 17 of the <i>Motor Vehicle Taxation Act 1988</i>	2	1	1
Apprentice Incentive – Small Business Work Vehicle Rebate			
From 1 July 2007, small business owners receive a rebate of the cost of motor vehicle registration for every new apprentice hired during 2007-08. This applies to small businesses that are not liable to pay payroll tax, i.e. where total taxable wages and interstate wages paid or payable by the employer during 2007-08 are less than \$600,000. For the first year of the apprentice's employment, the rebate is the vehicle's registration fee and weight tax. For the second and third years of the same apprentice's employment, the rebate covers the vehicle's registration fee.	...	4	1

Minor Tax Expenditures (< \$1 million)

- ◆ A concessional rate of 55 per cent of business rates (or 30 per cent if outside the Sydney metropolitan area, Newcastle or Wollongong districts) is applied to any motor vehicle that is used solely or principally as a tow truck
- ◆ a concessional rate of 88 per cent is provided for mobile cranes used for private use

- ◆ a concessional rate of tax is applied to any motor vehicle that is owned by a Rural Land Protection Board and is used solely for carrying out the functions of the board and
- ◆ a rebate of \$100 is provided to first and second year apprentices on the cost of car registration.

The following are exempt:

- ◆ all vehicles registered by non-profit charitable, benevolent, philanthropic or patriotic organisations authorised under the *Charitable Fundraising Act 1991*
- ◆ any motor vehicle that is used principally as an ambulance except government owned
- ◆ motor vehicles used by the State Emergency Service except government owned
- ◆ any motor vehicle on which a trader's plate is being used in accordance with the *Road Transport (Vehicle Registration) Act 1997* (NSW) or the regulations under that Act
- ◆ any motor vehicle that is owned by the NSW Aboriginal Land Council, Regional Aboriginal Land Council and Local Aboriginal Land Council and
- ◆ motor vehicles in the name of Consular Employees and Trade Missions.

DRIVERS' LICENCES

The benchmark is considered to be the licensing of all persons to drive a vehicle in New South Wales on public roads. The benchmark tax rates in 2007-08 were \$45 for a one-year licence, \$106 for a three-year licence and \$142 for a five-year licence. The cost of concession expenditures trend reflects the renewal cycle of five-year licences.

Table E11: Drivers' Licences

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Selected social security recipients²			
An exemption is granted to any licence holder who also holds a pensioner concession card, Department of Veteran Affairs (DVA) Totally and Permanently Incapacitated card, or DVA Gold War Widows Card and who can provide evidence that their income is below a certain level or can provide a DVA letter regarding their disability rate. The vehicle owned by the licence holder must be used substantially for social or domestic purposes.	15	15	27

VEHICLE TRANSFER FEES

The benchmark is considered to be all transfers of previously registered vehicles. From 1 July 2006, the benchmark rate is \$25 for individuals and motor dealers.

There are no major tax expenditures.

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ consignees
- ◆ beneficiaries under wills
- ◆ executors and administrators of deceased estates
- ◆ vehicles awarded in court decisions
- ◆ representatives of unincorporated organisations and
- ◆ adding/removing a trading name.

MOTOR VEHICLE REGISTRATION FEES

The benchmark is defined to be all vehicles intended for on-road use. The benchmark tax rate in 2007-08 was \$51 for most motor vehicles, \$225 for trucks with a mass of 5 tonnes or more and \$399 for articulated trucks.

² Profile of estimates is due to the renewal pattern of three and five year driver's licences.

Table E12: Motor Vehicle Registration Fees

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Selected Social Security Recipients			
<p> Holders of pensioner concession cards, Department of Veteran Affairs (DVA) Totally and Permanently Incapacitated Cards, and DVA Gold War Widows Cards (based on income or based on disability pension rate) are exempt. </p>	33	33	35

Minor Tax Expenditures (< \$1 million)

- ◆ Exemption for Mobile Disability Conveyance.

GAMBLING AND BETTING TAXES

The only areas where a different tax treatment is provided to essentially the same activity are in respect of gaming machines in hotels and registered clubs and the taxation of totalisators operated by racing clubs.

The benchmark for gaming machines in hotels and registered clubs is defined to be the rates of taxation applying to hotels, which vary from 5.5 per cent to 39.1 per cent (annual rates from 1 July 2006), 5.4 per cent to 41.8 per cent (annual rates from 1 July 2007) or 5.3 per cent to 44.5 per cent (annual rates from 1 July 2008) depending on the level of annual profits from gaming machines.

The benchmark for totalisators is a tax rate of 19.11 per cent of player loss.

Table E13: Gambling and Betting Taxes

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Club gaming machines			
<p> Poker machines installed in clubs registered under the <i>Registered Clubs Act 1976</i> are taxed at lower rates than poker machines installed in hotels. </p>	489	463	518

Minor Tax Expenditures (< \$1 million)

- ◆ A full rebate of tax is provided to racing clubs operating non-TAB Ltd pools.

PARKING SPACE LEVY

The benchmark is defined as off-street parking spaces in either Category one areas (City of Sydney, North Sydney and Milsons Point business districts) or Category two areas (Chatswood, Parramatta, St Leonards and Bondi Junction business areas).

The benchmark levy is indexed annually to movements in the Sydney CPI over the year to the previous March quarter. For 2007-08, the benchmark levy was \$930 per space in Category one areas and \$460 per space in Category two areas.

Table E14: Parking Space Levy

<i>Major Tax Expenditures</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
General exemptions and concessions in all regions			
An exemption from the levy is granted to parking spaces for bicycles or motor cycles, parking of a motor vehicle by a person resident on the same premises, parking of a motor vehicle for the purpose of loading or unloading goods or passengers, parking of a vehicle by a person who is providing services on a casual basis, parking of a vehicle while a disabled person's parking authority is displayed, parking without charge of a motor vehicle on premises owned or occupied by the council of the local government area, parking without charge of a motor vehicle on premises owned or occupied by a religious body or religious organisation, parking without charge of a motor vehicle on premises owned or occupied by a public charity or public benevolent institution, ambulance, fire brigade motor vehicle or police motor vehicle but only if used for garaging the vehicle overnight, parking without charge of a mobile crane, a forklift truck, a tractor or a front end loader, and parking without charge of a vehicle used only for carrying out deliveries or only for the provision of services, if the space is used for garaging the vehicle overnight on premises occupied by the owner of the vehicle. Concessions are also granted in all areas for certain unlet casual parking spaces and unlet tenant parking spaces.	14	15	15
Exempt parking spaces in Chatswood, Parramatta, St Leonards and Bondi Junction			
Parking spaces for customers attached to retail outlets, hotels, motels, clubs, restaurants, medical centres, car hire and sales, repair and wash establishments and funeral parlours are exempt from the levy.	8	8	9

E2: DETAILED ESTIMATES OF CONCESSIONS

Details of concessions by function are shown below. Each concession is classified by type and a distinction is drawn between major concessions (\$1 million or more) and minor concessions (less than \$1 million).

Table E15: Education

<i>Major Concessions</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
TAFE fee concession			
Fee exemptions are available to ATSI students and for students enrolling in Special Access courses. Students with a disability (or in receipt of a disability pension) are exempted from one course fee and pay a concession fee per subsequent course enrolment in the same year. Students in receipt of a Commonwealth benefit or allowance pay a concession fee per course per year. Fees for apprentices and trainees are capped according to eligibility for a Commonwealth rebate.	62	66	69
School Student Transport Scheme			
The School Student Transport Scheme provides subsidised travel to and from school for eligible students on government and private bus, rail, and ferry services, long distance coaches and in private vehicles where no public transport services exist.	433	446	465

Minor Concessions (< \$1 million)

- ◆ The Department of Primary Industries sells certain publications to schools and libraries at a lower than retail value.

Table E16: Health

<i>Major Concessions</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Ambulance service for pensioners			
Free transport by ambulance is provided for holders of pensioner health benefit cards.	113	130	150
Outpatient Pharmaceutical Scheme for pensioners			
Free pharmaceuticals are provided for holders of pensioner health benefit cards.	2	3	3
Life Support Energy Rebates Scheme			
The Department of Water and Energy funds a rebate for energy costs associated with certain life support systems.	3	3	3

Table E17: Social Security and Welfare

<i>Major Concessions</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Public transport concessions			
Pensioners, seniors, welfare beneficiaries and students travel for less than full fare on bus, rail, taxi and ferry services (excluding School Student Transport Scheme).	349	361	386
Community Transport Scheme			
Subsidies transport to address special needs caused by isolation, age or disability.	36	36	37
Spectacles program			
Free spectacles are provided to people with visual impairment who have low income and assets.	5	5	4
Charitable goods transport subsidy			
Charitable goods transport subsidy provides reimbursement to 22 charitable organisations for the cost of transporting miscellaneous goods such as donated medicines, trauma teddies, non-perishable food, physiotherapy tables and recycled clothing.	2	3	2
Community interpreting and translation service			
The Community Relations Commission funds translation and interpreting services in criminal and family courts for holders of Pensioner Concession Cards.	3	3	3

Table E18: Housing and Associated Amenities

<i>Major Concessions</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Local council rates concession			
Local council rates are reduced for holders of Pensioner Concession Cards.	72	76	76
Pensioner water rate concession			
The Department of Water and Energy funds Sydney Water Corporation and Hunter Water Corporation to provide Pensioner Concession Card holders a:			
<ul style="list-style-type: none"> ◆ 100 per cent discount on Sydney Water Corporation's fixed water service charge, 83 per cent discount on the sewerage charge and 50 per cent discount on the stormwater service charge. The discount on the sewerage charge will increase from 83 per cent to 92 per cent by 2012 to accommodate the price increase from the Independent Pricing and Regulatory Tribunal determination 			
<ul style="list-style-type: none"> ◆ rebate from Hunter Water Corporation of fixed and usage charges of up to \$175 per annum, and exemption from payment of the Environmental Improvement Charge. 	86	90	105
Exempt properties water rate concession			
The Department of Water and Energy funds a partial discount on Sydney Water Corporation and Hunter Water Corporation charges to owners of properties used by non-profitable community services and amenities (principally local councils and charities).	11	11	12
Backlog sewerage connection fee concession			
The Department of Water and Energy funds Sydney Water Corporation and Hunter Water Corporation to connect selected un-sewered areas to the sewerage network, based on public health and environmental priorities.	1	3	3

Table E18: Housing and Associated Amenities (cont)

<i>Major Concessions</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Large family and financial hardship water concession			
The Department of Water and Energy funds Sydney Water Corporation to undertake a range of social programs including the Payment Assistance Scheme for customers in financial hardship and measures to offset recent price rises. The price rise offset measures include free retrofits for large families, a \$40 per annum discount on their water bill for large families with a health care card, and no interest loans for efficient appliances for customers in financial hardship.	<1	1	1
Septic pump-out fee concession			
The Department of Water and Energy funds a discount on Sydney Water Corporation's septic pump-out fees to residences in the Blue Mountains that are residential-zoned and not connected to the sewerage network.	1	1	1
Energy Accounts Payment Assistance Scheme			
The Department of Water and Energy funds an energy rebate (including gas and electricity) for consumers in financial hardship.	7	9	9
Pensioner Energy Subsidy Scheme			
The Department of Water and Energy funds an energy rebate for holders of Pensioner Concession Cards. Under the Scheme, eligible pensioners receive a rebate of \$112 per annum on their energy bills.	75	82	82
Crown Land rent concessions			
Rebates from market rent may be granted in certain circumstances where tenure holders are eligible for concessions (eg eligible pensioners, charitable or non-profit community service, sporting or recreational organizations).	20	16	16

Minor Concessions (< \$1 million)

- ◆ Payment Assistance Scheme funded by Hunter Water Corporation for customers in financial hardship.

Table E19: Recreation and Culture

<i>Major Concessions</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Department of Environment and Climate Change - free or discounted entry to National Parks			
Holders of Pensioner Concession Cards, Seniors, Volunteers and Community Groups receive free or discounted entry to National Parks.	6	7	7
Concessional vessel registration			
NSW Maritime provides a 50 per cent concession on recreational vessel registration to holders of Pensioner Concession Cards and Repatriation Health Cards.	1	1	1

Minor Concessions (< \$1 million)

- ◆ NSW Maritime – concessional recreational boating licence and private mooring licence for pensioners
- ◆ Royal Botanic Gardens and Domain Trust – concessional admission charges for pensioners and seniors cardholders for entry to the Tropical Centre, Mount Annan and Mount Tomah Botanic Gardens
- ◆ Historic Houses Trust of NSW – concessional admission charges for unemployed, children, pensioners, seniors and students
- ◆ Australian Museum – concessional admission charges for entry to special exhibitions for students, the unemployed and holders of pensioner health care cards, free general admission to seniors card holders, disadvantaged school students, accompanying adults with school groups, Museum Society members and children under five years old
- ◆ Museum of Applied Arts and Sciences – concessional admission charges for children, students, pensioners, seniors and the unemployed. Country residents are entitled to a concession on the Museum’s household membership. Concessional rates for venue hire apply to community or charitable groups
- ◆ Sydney Opera House – concessional charges on guided tours for children, pensioners, seniors, students and school group tours and
- ◆ Art Gallery of NSW – concessional admission charges for entry to special exhibitions for the unemployed, children, pensioners, seniors, students and school groups.

Table E20: Agriculture, Forestry and Fishing

<i>Major Concessions</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>	<i>2008-09 \$m</i>
Recreational fishing fee concession			
Pensioners and children are exempt from the recreational fishing fee.	4	4	4

Minor Concessions (< \$1 million)

- ◆ Forests NSW provides pensioner discounts on firewood permits for the collection of firewood and discounts to charitable organisations on the purchase of Christmas trees.