

APPENDIX B: TAX EXPENDITURE AND CONCESSIONS STATEMENT

B.1: DETAILED ESTIMATES OF TAX EXPENDITURES

TRANSFER DUTY (INCLUDING VENDOR TRANSFER DUTY AND “LAND RICH” DUTY)

Prior to the 2004 Mini-Budget announcement of two new transfer duty related measures, the benchmark was defined as the transfer of property (whether residential or commercial) where a real change in beneficial ownership occurs or a transfer of certain indirect interests in real property, with the benchmark tax rate defined against marginal rates ranging from 1.25 percent to 5.5 percent.

Following the Mini-Budget, the benchmark tax rates were changed with effect from 1 June 2004:

- ◆ for transfers relating to the **purchase** of **non-residential** land, the benchmark tax rate is defined against marginal tax rates varying from 1.25 to 5.5 percent (Purchaser Transfer Duty);
- ◆ for transfers relating to the **purchase** of **residential** land, the benchmark tax rate is defined against marginal rates varying from 1.25 to 7 percent (Purchaser Transfer Duty); and
- ◆ for agreements on the **sale** or **transfer** of land-related property or declarations of trust over land-related property other than principal places of residence, the benchmark tax rate is 2.25 percent (Vendor Transfer Duty).

From 10 November 2004, duty applied to the disposal of indirect interests in land. The same tax base as for Vendor Transfer Duty applies.

Table B.1: Transfer Duty (Including Vendor Duty)

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
PURCHASER TRANSFER DUTY			
First Home Plus			
Up to midnight 3 April 2004, the scheme provided a full exemption to all eligible first home buyers from transfer duty where the property was valued up to \$200,000 (\$95,000 for vacant land) in the metropolitan area and up to \$175,000 (\$80,000 for vacant land) elsewhere in New South Wales. The exemption was phased out as property value increased. Group self-build schemes were also eligible.			
Effective from midnight, 3 April 2004, all eligible first home buyers receive 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.	127	352	370
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.	30	31	33
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> .	74	84	90
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.	13	14	15
Exemption for sale to charitable and benevolent institutions where the property is to be used for approved purposes			
	28	13	14

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Corporate reconstructions ^(a)			
An exemption is given for corporate reconstructions provided certain qualifying criteria are satisfied.	817	229	246
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 as at 31 December 1986 by a special trust from the trust to certain persons.	1	2	2
Purchase of property by Department of Housing and Aboriginal Housing Office tenants			
An exemption is granted for the purchase of their 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.	2	1	1
Other Legislation			
Exemption is granted for certain transfers of dutiable property contained in other legislation.	13	6	7
Aboriginal Land Councils			
Duty is not charged on the transfer of property by the New South Wales Aboriginal Land Council, Regional Aboriginal Land Council, or Local Aboriginal Land Council under the <i>Aboriginal Land Rights Act 1983</i> .	4	1	1
Councils and County Councils			
Duty is not chargeable on the transfer of property by a council or county council under the <i>Local Government Act 1993</i> .	6	5	5
'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 to beneficiaries of property formerly the principal place of residence of the deceased	n.a.	n.a.	n.a.

(a) Estimate for 2003-04 includes all transactions approved. However, not all approved transactions proceed. As such, duty forgone on approved transactions may overstate the cost of the exemption. The estimate for 2004-05 reflects duty forgone only on actual transactions stamped exempt. In 2004-05 approved transactions that proceeded accounted for around 77 percent of all transactions approved.

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
VENDOR TRANSFER DUTY			
Concession for land-related property sold for less than 115 percent of the purchase price	...	72	76
Exemption for the sale or transfer of primary production properties	...	74	78
Exemption for the sale or transfer of newly constructed buildings	1	123	130
Exemption for the sale or transfer of substantially new buildings	...	15	16
Exemption for the sale or transfer of land subdivided from a principal place of residence or a farm	...	5	5
Exemption for the sale or transfer of vacant land that has been substantially improved by the vendor	...	31	33
Exemption for sale of business that includes land-related property subject to certain conditions	...	20	21
Exemption for the sale or transfer of compulsory acquisitions	...	1	1
Property used by charitable or benevolent societies or institutions			
An exemption is provided for the sale of land-related property used for approved purposes by charitable or benevolent societies or institutions.	...	30	32
Corporate reconstructions			
An exemption is given for corporate reconstructions provided certain qualifying criteria are satisfied	...	20	21
Transfers of matrimonial property consequent upon divorce or break-up of de facto relationships			
Exemption for transfers of former principal places of residence to former partners or spouses on divorce or break-up of de facto relationships	n.a.	n.a.	n.a.
Transfer to beneficiaries of property formerly the principal place of residence of the deceased	n.a.	n.a.	n.a.

Minor Tax Expenditures (< \$1 million)

The following are exempt from **purchaser transfer duty**:

- ◆ a credit of purchaser transfer duty previously paid is applied to amalgamations of certain Western Lands leases;
- ◆ transfers of poker machine permits where there is no change in beneficial ownership;
- ◆ Equity Release Scheme – an exemption from purchaser transfer duty on approved equity release schemes for aged home owners was granted from 1 October 2004;
- ◆ 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*;
- ◆ transfer of incorporated legal practices;
- ◆ transfer of a liquor licence in certain circumstances under Sections 41, 42 or 61 of the *Liquor Act 1982*; and
- ◆ certain transactions by a joint government enterprise that has the function of allocating funds for water saving projects.

The following are exempt from **vendor transfer duty**:

- ◆ land subject to a conservation agreement under the *National Parks and Wildlife Act 1974*;
- ◆ transfer of land that is vested in, owned by, held on trust by, or leased by the Nature Conservation Trust of NSW constituted by the *Nature Conservation Trust Act 2001*;
- ◆ possessory application or an application to bring land under the *Real Property Act 1900*;
- ◆ transfers of gifts of land-related property to charities and government;

- ◆ principal places of residence on which there is one other residential occupancy;
- ◆ sale of residence by vendor absent for up to 6 years prior to sale;
- ◆ land used for incidental business purposes;
- ◆ sale of former principal place of residence of a deceased person used as a principal place of residence by another person pursuant to a life estate created by the will of a deceased person; and
- ◆ land used by the former spouse of the vendor as his/her principal place of residence following the break-up of the relationship.

The following are exempt from **purchaser transfer duty** and **vendor transfer duty**:

- ◆ 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;
- ◆ land resumed by operation of a Commonwealth Act where the Crown in right of the Commonwealth is the person upon whom liability of duty would otherwise be imposed. If land is subsequently transferred back to the person who was entitled to the land immediately before the resumption, the instrument of transfer is also exempted from duty provided that no compensation has been paid in respect of the resumption;
- ◆ 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;

- ◆ transfers where the NSW Aboriginal Land Council (ALC), a Regional ALC or Local ALC are the liable party; 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. The benchmark tax rate is 5 percent of premium paid for contracts or renewals that take effect prior to 1 September 2005 and 9 percent from that date forward.

Table B.2: General Insurance Duty

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Concessional rates for motor vehicle, aviation, disability income, occupational indemnity, crop and livestock			
From 1 September 2005, a concessional rate of 5 percent 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 percent.	2	2	123
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.	81	88	148
Marine and cargo insurance			
Exemption for marine insurance covering hulls of commercial ships and the cargo carried by land, sea or by air.	6	6	11
Exemption for WorkCover premiums	122	128	245

Minor Tax Expenditures (< \$1 million)

The following are exempt:

- ◆ insurance by non-profit charities, benevolent, philanthropic and patriotic organisations;

- ◆ insurance by Aboriginal Land Councils and non-commercial ventures of local councils;
- ◆ insurance covering mortgages acquired for issuing mortgage backed securities;
- ◆ separate policies covering loss by fire of labourer's tools;
- ◆ redundancy insurance in respect of housing that does not exceed \$124,000; and
- ◆ insurance covering only property of the Crown.

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 B.3: Life Insurance Duty

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Superannuation			
An exemption is granted to all group superannuation investment policies that are for the benefit of more than one member.	56	61	66
Annuities			
An exemption is provided to annuities.	14	15	15

MORTGAGE DUTY

The benchmark is defined as all secured loans that affect property in New South Wales. The benchmark tax rate is \$5 up to \$16,000 plus \$4 per \$1,000 or part thereof on the excess.

Table B.4: Mortgage Duty

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$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 will be restricted to amounts not exceeding \$1 million.	174	142	115
First home purchase mortgage covered by First Home Plus			
Mortgages given to assist the financing of a first home purchase eligible under the First Home Plus Scheme are exempt from duty up to certain loan values, phasing out as value increases.			
The loan value duty exemption limits were increased with the extension of the First Home Plus Scheme in the 2004 Mini-Budget. The Mini-Budget change commenced at midnight on 3 April 2004.	6	21	24
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.

<i>Major Tax Expenditures</i>	<i>2003-04</i> \$m	<i>2004-05</i> \$m	<i>2005-06</i> \$m
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)

- ◆ No duty is 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.

The following are exempt:

- ◆ mortgages created solely for the purpose of providing security in accordance with a condition imposed on the grant of bail in criminal proceedings;
- ◆ the refinancing of a loan following divorce or the break up of a de facto relationship;
- ◆ mortgages given by Federal or State/Territory governments or public statutory body;
- ◆ 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 interest of Aborigines;
- ◆ mortgages given by NSW Aboriginal Land Council (ALC), Regional ALC and Local ALC;
- ◆ offshore banking units (as defined in the *Income Tax Assessment Act 1936* (Cth)) where a loan is executed for offshore parties;

- ◆ mortgages given by tenants of the Department of Housing, the Aboriginal Housing Office or from the Community Housing Program who, in purchasing the real property, obtain not less than 25 percent of the beneficial ownership of land and who intend to use the land as their principal place of residence;
- ◆ mortgages granted by a non-profit organisation in conjunction with a lease not subject to duty, the purpose of which is to provide accommodation to an aged or disabled person;
- ◆ mortgages by public hospitals;
- ◆ mortgages under the *Liens on Crops and Wool and Stock Mortgage Act 1898*;
- ◆ 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; and
- ◆ mortgages by clearing houses of the Sydney Futures Exchange and Australian Options Market that do not secure an advance.

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 all the duty.

There are no major tax expenditures

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;
- ◆ 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 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 B.5: Motor Vehicle Registration Duty

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$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	13	14
Transfer of ownership after divorce or a breakdown of a defacto 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.	2	2	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.	3	3	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> (NSW).	34	36	38
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 percent 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;
- ◆ vehicles specially constructed for ambulance or mine rescue work;
- ◆ conveyances weighing less than 250 kg used for transporting invalids;
- ◆ rural lands protection boards; and
- ◆ Aboriginal Land Councils within the meaning of the *Aboriginal Land Rights Act 1983* (NSW).

HIRE OF GOODS DUTY

The benchmark is 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 is 0.75 percent for equipment financing arrangements, and 1.5 percent 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;
- ◆ invalid aids;
- ◆ “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;
- ◆ 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;
- ◆ hire of goods as part of a franchise arrangement; and
- ◆ where the use of goods is incidental and ancillary to the provision of a service.

LEASE DUTY

The benchmark is 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 is 35 cents per \$100 (or part thereof) of the total cost of the lease.

Table B.6: Lease Duty

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Exemption for residential leases			
A residential lease under which a person has a right to occupy any premise as a place of residence for a term not exceeding five years is exempt.	>1	>1	>1

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 5 of the Commonwealth National Health Act 1953;
- ◆ leases executed by an 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 percent.

Table B.7: Payroll Tax

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$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.	353	366	387
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 to a person while engaged in work of a kind ordinarily performed in connection with the conduct of these organisations.	96	99	105
Religious institutions			
An exemption is granted for remuneration paid by a religious institution to a person while engaged in work of a kind ordinarily performed in the conduct of these institutions.	8	9	9
Charitable institutions			
An exemption is granted for remuneration paid by a charitable, benevolent, philanthropic or patriotic institution (other than an instrumentality of the State) to a person while engaged in work of a charitable, benevolent, philanthropic or patriotic nature.	25	25	27
Local councils			
An exemption is granted for remuneration paid by a council or county council, except in connection with a number of trading undertakings, including the operation of an abattoir or public food market, parking station, cemetery, crematorium, hostel, coal mine or transport service, the supply and distribution of coal and the supply of building materials.	140	145	154

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Private hospitals and nursing homes			
An exemption is granted for remuneration paid by a non-profit hospital to a person in respect of time when the person is engaged in work of a kind ordinarily performed in connection with the conduct of hospitals.	9	10	10
Home Care Service			
Salaries paid to employees of the Home Care Service are exempt.	8	8	8
Apprentices			
Wages paid to apprentices are exempt from payroll tax.	16	16	17
Trainees			
From 1 January 2004 wages paid to trainees are exempt from payroll tax. Before that, employers of trainees were entitled to claim payroll tax paid on wages through the Trainee Payroll Tax Rebate Scheme operated by the Department of Education and Training.	4	9	9
Redundancy payments			
Bona fide redundancy or approved early retirement scheme payments are exempt.	6	6	6

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 Educational Foundation;
- ◆ wages paid to members of the official staff by a consular or other non-diplomatic representative of another country or by a Trade Commissioner representing in Australia any other part of Her Majesty's dominions;
- ◆ certain transactions by a joint government enterprise that has the function of allocating funds for water saving projects;

- ◆ wages that would be exempt from the payment of income tax by the employee under paragraph 23(z) of the *Income Tax Assessment Act 1936* of the Commonwealth;
- ◆ wages paid by the Governor of a State; and
- ◆ wages paid to employees while the employees are providing assistance to the State Emergency Services or Rural Fire Brigades.

LAND TAX

Prior to midnight on 31 December 2004, the benchmark tax base for land tax is defined as the unimproved capital value of all land owned (as defined in the *Land Tax Management Act 1956* (NSW)) at 31 December by a person or organisation other than the Commonwealth or NSW Governments which: (i) for owner-occupied residences, is above the threshold for principal places of residences for that year; (ii) for non-concessional companies and special trusts, the total aggregate land values; and (iii) for any other land owners, the aggregate land owned has an unimproved land value above the threshold for that year. The benchmark tax rate was 1.7 percent.

From midnight on 31 December 2004, the benchmark tax base for land tax was defined as the unimproved land value of all land owned (as defined in the *Land Tax Management Act 1956* (NSW)), with the exception of land used for owner-occupied residences, as at 31 December by a person or organisation other than the Commonwealth or NSW Governments. The benchmark tax rates were:

- ◆ 1.4 percent of aggregate land values for non-concessional companies and special trusts; and
- ◆ marginal tax rates ranging from 0.4 percent to 1.4 percent of aggregate land values for all other land taxpayers.

From midnight on 31 December 2005, the benchmark tax base for land tax will be defined as the unimproved land value of all land owned (as defined in the *Land Tax Management Act 1956* (NSW)), with the exception of land used for owner-occupied residences, as at 31 December by a person or organisation other than the Commonwealth or NSW Governments that has an unimproved capital value above the threshold for that year. The benchmark tax rate is 1.7 percent.

Table B8: Land Tax

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$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 Office of State Revenue.	3	4	4
Land used for primary production			
An exemption is granted for land used for primary production. Hobby farms in urban areas do not meet the requirement for land used for primary production and therefore do not fall within this exemption.	290	319	327
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.	6	7	7
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	2
Cooperatives			
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.	7	8	8
Public cemeteries and crematoriums			
An exemption is granted for any land used as a public cemetery or crematorium.	10	11	11
Retirement villages			
An exemption is given for land owned and used by retirement villages, and residential parks predominantly occupied by retired persons.	77	85	87
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> (NSW) or a school registered under the <i>Education Reform Act 1900</i> (NSW).	3	3	3

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Public hospitals and Area Health Services			
An exemption is granted for land used by a public hospital (including nursing homes) or Area Health Service.	13	14	15
Early Payment Discount			
A discount of 1.5 percent on land tax payable is available where the taxpayer pays the whole amount within 30 days after issue of the notice of assessment.	12	13	14
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.	9	10	10
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.
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.

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
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)

- ◆ concessions for land subject to heritage orders.

The following are exempt:

- ◆ certain public trading enterprises;
- ◆ low cost accommodation within 5 km of GPO;
- ◆ Marketing and Pastures Protection Boards;
- ◆ Aboriginal Land Councils;
- ◆ victims of fire, storm, earthquakes, accidents or malicious damage;
- ◆ community land development;
- ◆ unoccupied flood-labile land;
- ◆ land used for preserving endangered animals;
- ◆ land owned by a joint government enterprise that has the function of allocating funds for water saving projects;
- ◆ land leased for use as a fire brigade, police, ambulance or mines rescue station; and
- ◆ land owned by RSL (NSW Branch), 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 cannot 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 B9: Vehicle Weight Tax

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$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) TPI cards and DVA Gold War Widow's cards. Those pensioners must use the vehicle substantially for non-business purposes.	121	127	133
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 percent of business rates for trucks, tractors and trailers.	19	19	20
Roadwork equipment – including 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
State government departments and others			
Any motor vehicle that is registered and falls under Part 16 and 17 of the <i>Motor Vehicle Taxation Act 1988</i> .	2	2	2
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.	14	15	16
Apprentice Rebate			
From 1 July 2005, first and second year apprentices will receive a rebate of \$100 of the cost of car registration.	n.a.	n.a.	2

Minor Tax Expenditures (< \$1 million)

- ◆ A concessional rate of 55 percent of business rates (or 30 percent 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 concession is provided for mobile cranes.
- ◆ 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 the carrying out of the functions of the board.

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 Services 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 an 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 2004-05 were \$39 for a one-year licence, \$96 for a three-year licence and \$129 for a five-year licence.

Table B10: Drivers' Licences

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Selected social security recipients			
An exemption is granted to any licence holder who also holds a pensioner concession card, Department of Veteran Affairs (DVA) TPI 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.	19	48	26

VEHICLE TRANSFER FEES

The benchmark is considered to be all transfers of previously registered vehicles. From 1 July 2004 the benchmark rate is \$24 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 2004-05 was \$47 for most motor vehicles, \$209 for trucks with a mass of 5 tonnes or more and \$367 for articulated trucks.

Table B11: Motor Vehicle Registration Fees

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Selected Social Security Recipients			
Holders of pensioner concession cards, Department of Veteran Affairs (DVA) TPI Cards, and DVA Gold War Widows Cards (based on income or based on disability pension rate) are exempt.	30	30	32

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 5.91 percent to 30.91 percent (annual rates before 30 June 2004), 5.8 percent to 33.6 percent (annual rates from 1 July 2004) or 5.7 percent to 36.4 percent (annual rates from 1 July 2005) depending on the level of annual profits from gaming machines.

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

Table B12: Gambling and Betting Taxes

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Club gaming machines			
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.	463	483	493

Minor Tax Expenditures (< \$1 million)

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

PARKING SPACE LEVY

For 2003-04 the benchmark levy was \$840 per space in the Sydney, North Sydney and Milsons Point business districts and \$420 per space in the business areas of Chatswood, Parramatta, St Leonards and Bondi Junction.

From 2004-05, the benchmark levy is indexed annually to movements in the Sydney CPI over the year to the previous March quarter.

Table B13: Parking Space Levy

<i>Major Tax Expenditures</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Exempt spaces in all regions			
An exemption from the levy is granted to parking spaces for bicycles or motor bikes, 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. Exemptions are also granted in all areas for certain unlet casual parking spaces and unlet tenant parking spaces.	9	14	13
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 sales, repair and wash establishments and funeral parlours are exempt from the levy.	1	4	3

B.2: 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 B14: Education

<i>Major Concessions</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
TAFE Fee concession			
Fees are waived for students with disabilities, ATSI, students of Special Access Courses or students receiving nominated pensions or allowances while the fees for apprentices and trainees have been capped.	50	54	60
School transport subsidy scheme			
RailCorp, State Transit Authority and Sydney Ferries provide eligible students with free transport to and from school. (A similar subsidy to private transport operators is not included here, since it is an outlay from the public sector, and does not reduce public sector revenue.)	69	70	72

Table B15: Health

<i>Major Concessions</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Ambulance service for pensioners			
Free transport by ambulance is provided for holders of pensioner health benefit cards.	84	85	86
Outpatient Pharmaceutical Scheme for Pensioners			
Free pharmaceuticals are provided for holders of pensioner health benefit cards.	2	2	2
Life Support Energy Rebates Scheme			
The Department of Energy, Utilities and Sustainability funds a rebate for energy costs associated with certain life support systems.	2	3	3

Table B16: Social Security and Welfare

<i>Major Concessions</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Public transport concessions for pensioners and welfare beneficiaries			
Pensioners, Seniors and welfare beneficiaries travel for less than full fare on RailCorp, State Transit Authority and Sydney Ferries services. (A similar subsidy to private transport operators for concession travel are not included here, since it is an outlay from the public sector, and does not reduce public sector revenue).	239	223	209
Community Transport Scheme			
Subsidises transport to address special needs caused by location, isolation, age, disability or factors relating to the time and/or cost of travel.	22	25	22
Spectacles Program			
Provides free spectacles to people with visual impairment who have low income and assets.	5	5	4
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	2	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 B17: Housing and Associated Amenities

<i>Major Concessions</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Local council rates concession			
Local council rates are reduced for holders of Pensioner Concession Cards.	73	75	76
Sydney Water Corporation Pensioner Rate Concession			
Holders of Pensioner Concession Cards receive a 100 percent discount on water service (fixed) charge and 74 percent discount on the sewerage charge.	70	70	75

<i>Major Concessions</i>	<i>2003-04 \$m</i>	<i>2004-05 \$m</i>	<i>2005-06 \$m</i>
Sydney Water Corporation Exempt Properties Concession			
Owners of properties that are used to provide non-profitable community services and amenities (principally local councils and charities) are partially exempt from the payment of water charges.	9	9	10
Hunter Water Corporation Water Pensioner Rate Concession			
Holders of Pensioner Concession Cards receive a 50 percent discount on water rates.	8	8	8
Energy Accounts Payment Assistance Scheme			
The Department of Energy, Utilities and Sustainability funds an energy rebate (including gas and electricity) for consumers in financial hardship.	8	8	9
Pensioner Energy Subsidy Scheme			
The Department of Energy, Utilities and Sustainability 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.	77	77	79
Crown Land Rent Concessions			
Registered charities and not-for profit organizations receive a discount on Crown Land rents.	5	5	5

Minor Concessions (< \$1 million)

- ◆ Blue Mountains septic pump-out service for households not connected to the sewerage network.
- ◆ Hunter Water Corporation – exempt properties concession.
- ◆ Payment Assistance Scheme offered by Sydney Water.
- ◆ Payment Assistance Scheme offered by Hunter Water, including connection fees for backlog sewerage.
- ◆ Department of Lands – discounted rents for holders of Pensioner Concession Cards.

Table B18: Recreation and Culture

<i>Major Concessions</i>	2003-04 \$m	2004-05 \$m	2005-06 \$m
National Parks and Wildlife Service Free or Discounted Entry to National Parks			
<p> Holders of Pensioner Concession Cards, Seniors, Volunteers and Community Groups receive free or discounted entry to National Parks.</p>	3	3	3

Minor Concessions (< \$1 million)

- ◆ Waterways Authority – concessional boat licence, registration and mooring fees for pensioners.
- ◆ Royal Botanic Gardens – concessional admission charges for pensioners and Seniors Cardholders for entry to the Tropical Centre, Mount Annan and Mount Tomah Botanic Gardens.
- ◆ Historic Houses Trust – 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.
- ◆ Powerhouse Museum – free entry for holders of Seniors cards and group supervisors, concessional membership fees for students, pensioners and the unemployed, free admission and reduced membership fee for schools for the disadvantaged, discount of \$30 on household membership for country residents and free or reduced charges for public program activities and free use of venue for meetings for community and charitable groups.
- ◆ Sydney Opera House – concessional charges on guided tours for children, pensioners, seniors, students and school group tours.
- ◆ Art Gallery – concessional admission charges for entry to special exhibitions for the unemployed, children, pensioners, seniors, students and school groups.

Table B19: Agriculture, Forestry and Fishing

<i>Major Concessions</i>	<i>2003-04</i> <i>\$m</i>	<i>2004-05</i> <i>\$m</i>	<i>2005-06</i> <i>\$m</i>
Recreational fishing fee concession			
Pensioners and children are exempt from the recreational fishing fee.	4	4	4

Minor Concessions (< \$1 million)

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