

# OSR Connect

Issue 11

May 2007



Welcome to the May issue of OSR Connect. In this issue we look at NSW and Victoria's move to harmonise pay-roll tax, the launch of First Home Plus One duty concession scheme and changes to the lodgment of Super Fund Unclaimed Money.



#### NSW and Victoria to harmonise pay-roll tax systems

The NSW and Victorian Governments plan to streamline pay-roll tax administrative arrangements and legislative provisions to reduce red tape for 8 000 businesses operating across both States. [Read more](#)



#### First Home Plus One opens doors for new home buyers

The scheme allows first home buyers who enter into a shared equity arrangement access to stamp duty concession prorated to the purchaser's stake in the property. [Read more](#)



#### Super funds to lodge unclaimed money with ATO

New Federal Government legislation requires private sector superannuation providers to pay unclaimed money directly to the Australian Government from 1 July 2007. [Read more](#)



#### Averaging land values online

Changes to land tax for 2007 tax year mean that land tax will be calculated using an average value. [Read more](#)

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#### Land tax publications

The 2007 Land Tax Information Booklet, Factsheet and Guide are now available on our website. [Read more](#)

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## NSW and Victoria to harmonise pay-roll tax systems

The NSW and Victorian Governments will be moving towards a harmonised pay-roll tax system from 1 July 2007.

Pay-roll tax harmonisation is designed to:

- provide administrative benefits to both NSW and Victorian businesses
- reduce red tape and compliance costs.

The harmonisation program involves two stages:

### **Legislative harmonisation**

In addition to examining consistent administrative arrangements, there will be changes to NSW pay-roll tax legislation to ensure a common approach to pay-roll tax with Victoria. OSR will adopt the following provisions in Victoria's Pay-roll Tax Act 1971:

- application of pay-roll tax to non-monetary superannuation contributions
- introduction of an exemption from pay-roll tax for adoption leave and maternity leave payments
- amend the relevant NSW contract provisions to make them identical to the Victorian provisions. This means removing the exemption for contracts exceeding \$800 000
- amend the exemption for contractors who provide services to the public generally, so that contractors are required to provide services to the public generally in the same financial year as the service for which an exemption is claimed
- requirement for grouped employers to appoint a Designated Group
- employer to claim the benefit of the tax-free threshold



## NSW and Victoria to harmonise pay-roll tax systems (cont.)

- limit the exemption for wages of apprentices and trainees to not-for-profit group apprenticeship schemes, and introduce a rebate scheme for employers of apprentices and trainees
- exclusion from pay-roll tax of payments into and out of portable long service leave and redundancy benefits schemes
- removal of the exemption provided to employment agents that on-hire staff to clients with wages below the \$600 000 tax-free threshold
- broadening of the Commissioners' discretion to exclude a business from a group
- introduction of uniform definitions and mutual recognition of exempt charities by combining the broadest provisions existing in both states. Introduction of a single gross-up factor (type-2, which is the lower factor) for calculating the value of fringe benefits.

### **Administrative harmonisation**

Stage two of the harmonisation process will include examining the scope for introduction of:

- common pay-roll tax forms/systems.
- common interpretations of the law by revenue offices (such as through Common Commissioner rulings and practice statements).
- a one-stop-shop for businesses paying pay-roll tax in Victoria and NSW.

In addition to harmonisation of NSW and Victorian Pay-roll tax, On 29 March 2007, all of the states and territories agreed to adopt common provisions and definitions for:

- timing of lodgement
- motor vehicle allowances



## NSW and Victoria to harmonise pay-roll tax systems (cont.)

- accommodation allowances
- a range of Fringe Benefits
- work performed outside a jurisdiction
- employee share acquisition schemes
- superannuation contributions for non-working directors, and
- grouping of business.

States and territories will retain control over individual rates and thresholds.

The new arrangements will apply no later than 1 July 2008 in all states and territories.

There will be a series of free pay-roll tax seminars commencing in June to explain the changes to pay-roll tax for businesses and tax advisers.

Further details will be available in May on our website:  
[www.osr.nsw.gov.au](http://www.osr.nsw.gov.au).



## First Home Plus One opens doors for home buyers

### **First Home Plus One opens doors for home buyers**

From 1 May 2007, a new First Home Plus One scheme will allow first home buyers to purchase property with other parties, such as a financial institution or a close relative, and still receive a duty concession.

First home buyers must purchase at least 50 per cent of a property to be eligible for the scheme. The value limits and other eligibility criteria of First Home Plus apply.

Transfer duty is calculated with reference to the proportion of the property purchased by the other parties, but if the interest is not more than five per cent it is disregarded.

Full mortgage duty concessions and exemptions apply to mortgages given to assist the purchase of property under First Home Plus One.

Read: [First Home Plus One scheme](#)

Phone: 1300 130 624



## Super funds to lodge unclaimed money with ATO

The recently passed Commonwealth Superannuation Legislation Amendment (Simplification) Act requires private sector superannuation providers to pay unclaimed money directly to the Australian Government from 1 July 2007.

At present the states and territories are responsible for the administration of unclaimed superannuation which is collected from the superannuation funds and for the return of money to superannuants and their beneficiaries. States and Territories continue to manage superannuation funds they currently hold, after 1 July.

We are working with the ATO on the transition and will give you more details over the coming months.

Read: [Lodging Unclaimed Money](#)  
Phone: 1300 366 016



## Averaging land values online

Changes to land tax for 2007 tax year mean that land tax is calculated using an average value based on the land value of the current tax year and the land values for the previous two years.

Land tax clients are able to access their land values for the last three years and average value by using the client land holdings summary at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

Land tax clients will need their client and correspondence ID to access this online facility.

Read: [Land tax 2007 Guide](#)  
Phone: 1300 139 816

### Land tax publications

The 2007 [Land Tax Information Booklet](#) and [Land Tax Guide](#) are now available.

The booklet and guide contain the latest information on NSW land tax, how land tax valuations are determined and what exemptions are available.

Other new land tax publications available on the OSR website include:

- crown and council leases
- primary production land exemption
- land tax deduction to prevent double taxation, and
- land tax information for unit holders of unit trusts.

Read: [Land tax](#)  
Phone: 1300 139 816



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