



Office of State Revenue  
NSW TREASURY

ABN: 77 456 270 638

## Revenue Ruling G5

### Wollongong Floods – State Tax Concessions

#### PREAMBLE

1. During August 1998, floods caused severe damage to personal property and disruption to businesses in the Wollongong area. In repairing and rebuilding as a result of that damage, some transactions would incur a liability to State taxes. The disruption to businesses has also interfered with the payment of taxes by some businesses.
2. On 3 September 1998, the Premier announced that relief would be provided from some State tax liabilities arising as a direct consequence of the Wollongong floods. This ruling identifies the relief available to the victims of those floods.

#### RULING

##### Motor vehicle registration duty

3. A number of motor vehicles were written off as a result of flood damage, and replacement vehicles will be purchased in most instances. Duty would normally be payable on the application to register the replacement vehicle.
4. If it can be demonstrated that a motor vehicle has been purchased to replace a vehicle written off as a result of flood damage, the Chief Commissioner considers that it is not just and reasonable to require payment of the duty in respect of the application to register the motor vehicle. In such a case, no duty will be chargeable under section 267 (8) of the *Duties Act 1997*.

##### Mortgage duty

5. If insurance or other relief does not cover the cost of repair or rebuilding following flood damage, individuals or businesses could be forced to take out new loans or extend existing loans. If the loan is secured by a mortgage, a liability to mortgage duty could arise.
6. The Chief Commissioner will favourably consider applications for ex gratia relief from mortgage duty under Chapter 7 of the *Duties Act 1997* where it can be demonstrated that the loan giving rise to the liability to mortgage duty was taken out to rebuild, repair or replace property damaged by the floods.

##### Pay-roll tax payments

7. A small number of businesses have lost records as a result of water damage from the floods. In some instances, those businesses have been unable to furnish August pay-roll tax payments by the due date.

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8. The Office of State Revenue will allow such businesses as much time as is reasonably needed to restore their records and make the relevant payment without incurring interest or penalty tax under the *Taxation Administration Act 1996*.

**Pay-roll tax and State Emergency Service volunteers**

9. On 17 December 1997, the Treasurer approved an exemption from pay-roll tax for wages paid to State Emergency Services volunteers who take part in providing any emergency assistance under the *State Emergency and Rescue Management Act 1989*. (The exemption does not extend to wages paid or payable as recreation leave, annual leave, long service leave or sick leave.) The exemption has operated by way of variation to statute with effect from 31 July 1997. An appropriate amendment will be made to the *Pay-roll Tax Act 1971* as soon as possible (see Revenue Ruling PT 55).
10. Wages paid to State Emergency Service volunteers while undertaking emergency work in the Wollongong area as a result of the floods are exempt from pay-roll tax.

B BUCHANAN  
Chief Commissioner of State Revenue  
4 September 1998