

Property Legal update

12 May 2011

Proposed abolition of the Torrens Assurance Levy and other stamp duty changes that affect Property Law

Torrens Assurance Levy to be abolished

You will recall that on 1 July 2010, the amount of the registration fees on transfers of land in New South Wales was generally increased by the introduction of an ad valorem component based on the value of the property being transferred. The total Torrens Assurance levy comprised two amounts, being the basic levy which was \$4 (which had been in place since 1992) and had been set at that amount since 2004.

There was an additional ad valorem component where the purchase price of the property was more than \$500,000 but not more than \$1M which was 0.2% of the amount which the purchase price exceeded \$500,000. Where the purchase price was more than \$1M, the levy is \$1,000 plus 0.25% of the amount by which the purchase price exceeds \$1M.

The proposal by the Real Property Amendment (Torrens Assurance Levy Repeal) Bill 2011 (NSW) was to abolish both the levy and the ad valorem component.

This Bill is expected to come into force and effect for all contracts for sale of land in New South Wales entered into on or after 1 July 2011.

Under transitional provisions, this levy will continue to apply to registrations of transfers that give effect to contracts for Sale of Land entered into on or after 1 July 2010 and before 1 July 2011. However, where the contract is entered into on or after 1 July 2011 the purchaser will benefit from the abolition of the basic levy and the ad valorem component.

Pensioner access to NSW Home Builders bonus proposed to be dropped to age 55 instead of age 65

The Duties Amendment (Senior's Principal Place of Residence Duty Exemption) Bill 2011 (NSW) proposes to amend the *Duties Act 1997 No. 123 (NSW)*.

The Bill was introduced into the Legislative Assembly and received its second reading speech on 9 May 2011.

The bill is proposed to come into effect 1 July 2011

Under the current NSW Home Builders bonus there is an exemption from duty for new houses purchased by people aged 65 and over if it is their principal place of residence. The objective of the new Bill is to extend the duty exemption to persons between 55 and 65 years of age.

This exemption will apply to agreements or transfers entered into or occurring on or after 1 July 2011 and before 1 July 2012.

Implications

As a result of these proposed abolitions and changes, purchasers who benefit from these proposals will be thinking about whether to delay an exchange of contracts until on or after 1 July 2011. If the purchasers cannot delay the exchange of contracts, then they may consider entering put and call options to secure the property now and the options are not exercisable or not exercised before 1 July 2011.

This Bulletin was prepared by Gary Newton and Faith Laube of CBP.

Gary Newton
Partner

02 8281 4652
gdn@cbp.com.au

Faith Laube

02 8281 4508
fal@cbp.com.au

[>>> return to first page](#)

T 61 2 8281 4555
F 61 2 8281 4567
E law@cbp.com.au
I www.cbp.com.au

Level 42, 2 Park Street
Sydney NSW 2000
Australia

DX 280 Sydney
Advoc Asia member

Colin Biggers
& Paisley

LAWYERS