

Revenue and Other Legislation Amendment Bill 2024

Explanatory Notes

Short title

The short title of the Bill is the Revenue and Other Legislation Amendment Bill 2024 (the Bill).

Policy objectives and the reasons for them

The Bill amends legislation administered by the Commissioner of State Revenue (Commissioner) to implement revenue measures announced in the 2024-25 State Budget, and to make other necessary amendments to revenue legislation.

The *Duties Act 2001* (Duties Act) is amended to implement 2024-25 State Budget measures to:

- increase the transfer duty first home and first home vacant land concession thresholds and values at which they phase out from 9 June 2024; and
- increase the rate of the duty surcharge applying to foreign persons acquiring (directly or indirectly) certain residential land in Queensland from 7 per cent to 8 per cent from 1 July 2024.

The *Land Tax Act 2010* (Land Tax Act) is amended to implement 2024-25 State Budget measures to increase the land tax surcharges applying to absentees, foreign companies and trustees of foreign trusts from 2 per cent to 3 per cent, from the 2024-25 financial year onwards.

The *Payroll Tax Act 1971* (Payroll Tax Act) is amended to implement 2024-25 State Budget measures to:

- extend the 50 per cent rebate for wages paid or payable to apprentices and trainees to include wages paid or payable during the financial year ending on 30 June 2025; and
- introduce a wage threshold for the 1 per cent payroll tax rate discount for regional employers, to exclude extremely large employers from claiming the discount, from 1 July 2024.

The *First Home Owner Grant and Other Home Owner Grants Act 2000* (FHOG Act) is retrospectively amended from 20 November 2023 to increase the amount of the First Home Owner Grant (FHOG) for eligible transactions entered into between 20 November 2023 and 30 June 2025, both dates inclusive.

Achievement of policy objectives

Duties Act – transfer duty first home concessions

Under the Duties Act, transfer duty is imposed on dutiable transactions involving land in Queensland. Duty is generally charged on the greater of the consideration paid for, or the unencumbered value of, the land.

For buyers purchasing their first home valued at \$500,000 or less, a first home transfer duty concession of \$8,750 applies so that no transfer duty is payable. This concession reduces by \$875 for every \$10,000 above \$500,000 and cuts out completely for first homes with a dutiable value of \$550,000 or more. Where a first home buyer purchases a home that is more than \$549,999.99, they will be eligible for the transfer duty home concession.

Where a first home buyer purchases vacant land on which to build their first home, a first home vacant land concession is available. No transfer duty applies where the dutiable value is \$250,000 or less and a phasing-out rebate applies for values up to \$399,999.99.

The Duties Act will be amended to increase the concession thresholds for both the first home concession and first home vacant land concession. The first home concession threshold will increase to \$700,000 (phasing out at \$800,000) and the first home vacant land concession threshold will increase to \$350,000 (phasing out at \$500,000). The changes will apply to eligible dutiable transactions entered into from 9 June 2024 (inclusive), being the date of announcement of the changes.

To address the situation where taxpayers seek to structure transactions to gain the benefit of these changes by schemes to defer transactions to a date after they take effect, the Duties Act will be amended to include an anti-avoidance provision to address these schemes. Similar provisions were inserted in the Duties Act for previous similar changes to the home concessions. The provision will ensure that the changes to the concessions will not apply in these cases.

Duties Act – increase to rate of additional foreign acquirer duty

The Duties Act imposes an additional duty surcharge, known as additional foreign acquirer duty (AFAD), on relevant transactions that are liable for transfer duty, landholder duty or corporate trustee duty, where a foreign person acquires (directly or indirectly) certain residential land in Queensland (AFAD residential land). AFAD is imposed at a rate of 7 per cent on the dutiable value of the relevant transaction to the extent of the foreign acquirer's interest, and to the extent the dutiable value relates to AFAD residential land.

The Duties Act will be amended to increase the rate of AFAD from 7 per cent to 8 per cent. The increased rate will apply to relevant transactions where the liability for transfer duty, landholder duty or corporate trustee duty arises on or after 1 July 2024. Apart from the increase in the rate, all other requirements relating to AFAD will remain the same.

Land Tax Act – increase to absentee surcharge and foreign surcharge

The Land Tax Act imposes land tax on the taxable value of taxable land owned as at midnight 30 June each year. Land tax is calculated by applying the rates set out under the Land Tax Act to the total taxable value of an owner's taxable land.

The general rates of land tax differ depending on whether the owner is an individual other than an absentee, company, trustee or absentee. In addition to paying land tax at the applicable

general rates, a 2 per cent surcharge applies to absentees (absentee surcharge) and foreign companies and trustees of foreign trusts (foreign surcharge).

The Land Tax Act will be amended to increase both the absentee surcharge and foreign surcharge from 2 per cent to 3 per cent from the 2024-25 financial year onwards.

Therefore, the increased absentee surcharge will apply to land owned by an absentee as at midnight on 30 June 2024. Further, the increased foreign surcharge will apply to land owned by foreign companies or trustees of foreign trusts as at midnight on 30 June 2024. There will be no change to the general land tax rates that currently apply to absentees, companies or trustees, or to the other requirements relating to the surcharges.

Payroll Tax Act – extension of payroll tax rebate for apprentice and trainee wages

Under the Payroll Tax Act, payroll tax is payable by employers on all taxable wages. However, certain wages are specifically exempt. Relevantly, wages paid to apprentices or trainees during the period of their apprenticeship or traineeship are exempt where specified conditions are met.

In addition to the exemption for wages paid to apprentices and trainees, the Payroll Tax Act also provides a payroll tax rebate for wages paid or payable during an eligible year by an employer, or the designated group employer for a group, to a person who is an apprentice or trainee under the *Further Education and Training Act 2014* (the apprentice and trainee rebate). An “eligible year” is a financial year ending 30 June 2010, 2011, 2012, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 or 2024. For an eligible year ending on or after 30 June 2017, a 50 per cent rebate applies to the wages of apprentices and trainees. For any other eligible year, the rebate is 25 per cent of the employer’s apprentice and trainee wages.

The Payroll Tax Act will be amended to extend availability of the 50 per cent apprentice and trainee rebate to wages paid or payable during the financial year ending 30 June 2025.

Payroll Tax Act – introduction of a wage threshold for regional employer discount

The Payroll Tax Act imposes payroll tax on taxable wages paid or payable by an employer or group of employers in a financial year once the payroll tax exemption threshold (currently \$1.3 million) is exceeded. The standard rates of payroll tax are:

- 4.75 per cent for employers or groups of employers who pay \$6.5 million or less annually in Australian taxable wages; and
- 4.95 per cent for employers or groups of employers who pay more than \$6.5 million annually in Australian taxable wages.

A 1 per cent discount on the above rates is available for eligible regional employers (regional rate discount). The regional rate discount applies to the return periods occurring in the financial years ending 30 June 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029 and 2030 for employers whose principal place of employment is in regional Queensland and who pay at least 85 per cent of taxable wages to regional employees.

The Payroll Tax Act will be amended to introduce a threshold, based on an employer’s annual taxable wages, as part of the eligibility requirements for the regional rate discount. The amendments will provide that, in addition to the existing requirements under the Payroll Tax

Act, an employer will need to pay annual taxable wages of \$350 million or less to be eligible for the regional rate discount.

Eligibility for the regional rate discount will continue to be separately tested for each periodic, annual and final return. Therefore, whether an employer pays annual taxable wages that are equal to or less than \$350 million will be tested on a proportionate basis relative to the particular return period. For example, for a monthly periodic return, an employer would satisfy the wage threshold requirement if the employer pays taxable wages in that month that are equal to or less than \$29,166,666.

If an employer does not qualify for the discounted rate in a periodic return, because the employer pays taxable wages that exceed the wage threshold for a monthly periodic return, it will not preclude the employer from qualifying for the discounted rate in the annual return if the employer's taxable wages are equal to or less than \$350 million annually (subject to meeting the other eligibility requirements). The employer may be entitled to a refund once the discounted rate is applied for taxable wages paid throughout the financial year as part of the annual return process.

The amendments will commence on 1 July 2024. Therefore, to qualify for the regional rate discount for a return period from the 2024-25 financial year onwards, an employer will need to be a regional employer and pay taxable wages that are equal to or less than the wage threshold in that period.

Other than introducing the wage threshold as part of the eligibility requirements for the regional rate discount, the amendments do not change the existing requirements or concepts relating to the discount. In particular, the scope of "regional employer", "principal place of employment", "regional employee" and "regional Queensland" will remain the same. Further, the amendments do not change the general operation of the discount. That is, the regional rate discount will apply to an employer that meets the relevant requirements in a period and, where these requirements are met in a period, the regional employer will pay payroll tax at the discounted rate for that period.

FHOG Act – increase to grant amount

The FHOG Act provides for payment of a grant for first home buyers who have entered into an eligible transaction which has been completed and who satisfy certain eligibility criteria. An eligible transaction is a contract to purchase or build a new home, or the building of a new home by an owner builder.

On 23 November 2023, an administrative arrangement was approved to increase the amount of the FHOG from \$15,000 to \$30,000, with effect from 20 November 2023 (administrative arrangement). The increased FHOG amount applies for eligible transactions entered into between 20 November 2023 and 30 June 2025, both dates inclusive. An eligible transaction for the purposes of the administrative arrangement is:

- a contract for the purchase of a new home in Queensland, made between 20 November 2023 and 30 June 2025 (both dates inclusive);
- a comprehensive home building contract made by the owner of land in Queensland, or a person who will on completion of the contract be the owner of land in Queensland, to

have a new home built on the land, if the contract is made between 20 November 2023 and 30 June 2025 (both dates inclusive); or

- the building of a new home in Queensland by an owner builder if the building work starts between 20 November 2023 and 30 June 2025 (both dates inclusive).

A transaction is not an eligible transaction if the Commissioner is satisfied the relevant contract forms part of a scheme to circumvent limitations on, or requirements affecting, eligibility or entitlement to the increased FHOG amount. The Commissioner must presume the existence of a scheme in certain circumstances (e.g. where an applicant enters into a replacement contract on or after 20 November 2023).

The administrative arrangement sets out the terms and conditions for payment of the increased grant amount, and, together with the existing provisions of the FHOG Act, provides the basis for administration. In lodging an application for the increased FHOG, applicants are required to review and agree to the terms and conditions.

The terms of the administrative arrangement are set out in Public Ruling FHOGA000.2.1 – *Administrative arrangement – increase to amount of first home owner grant* (Public Ruling), issued by the Commissioner. The FHOG Act will be amended to give legislative effect to the administrative arrangement, with retrospective effect from 20 November 2023.

Amending the FHOG Act to give legislative effect to the administrative arrangement will provide certainty for applicants in respect of the increased FHOG amount and maintain the currency of the FHOG Act. Further, it will ensure appropriate revenue protection measures are in place and objection and review rights are available for applications and decisions made for the increased FHOG amount. Retrospective operation from 20 November 2023 will ensure there is consistent treatment of applications and decisions made both pre- and post-commencement of these amendments.

The amendments will enable the Commissioner to exercise existing investigative, enforcement and recovery powers under the FHOG Act (i.e. issuing notices requiring repayment of the grant, imposing penalties, issuing entry warrants, charges over land, and garnishee notices) in respect of applications and decisions for the increased FHOG amount.

The amendments will also provide objection and review rights to applicants with respect to the increased FHOG amount. Retrospective operation will ensure all applicants are afforded procedural fairness, irrespective of when decisions on their applications are made.

The amendments are not creating new investigative, enforcement and recovery powers, or new objection or review rights. Amending the FHOG Act to give legislative effect to the administrative arrangement will enable existing powers and rights to apply to applications and decisions made for the increased FHOG amount, consistent with how the FHOG Act currently applies for the grants administered under the Act.

Alternative ways of achieving policy objectives

The policy objectives of the Bill can only be achieved by legislative amendment.

Estimated cost for government implementation

For all amendments in the Bill, all implementation costs are expected to be met from within existing budget allocations.

Consistency with fundamental legislative principles

The Bill is generally consistent with fundamental legislative principles (FLPs). Potential inconsistencies are discussed below.

Duties Act – increase in first home and first home vacant land concession thresholds and values at which they phase out – making rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review; and not adversely affecting rights and liberties, or imposing obligations, retrospectively (Legislative Standards Act 1992, sections 4(3)(a) and (g))

New anti-avoidance provisions

Section 4(3)(a) of the *Legislative Standards Act 1992* (Legislative Standards Act) provides that whether legislation has sufficient regard to rights and liberties of individuals depends on whether, amongst other things, the legislation makes rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review.

The proposed amendments will include anti-avoidance provisions to address situations where taxpayers seek to structure transactions to gain the benefit of the changes by deferring transactions to a date after the changes take effect. The anti-avoidance provisions will clarify that the provisions of the Duties Act relating to the first home concession and first home vacant land concession, as in force immediately before 9 June 2024, will apply to certain dutiable transaction entered into on or after that date if:

- the transaction replaces one that was made before 9 June 2024 and included the same land;
- the first home buyer had an option to purchase the land, or the transferor had an option to require them to purchase the land, granted before 9 June 2024 and exercised on or after 9 June 2024; or
- there is another arrangement made before 9 June 2024 the sole or main purpose of which was to defer the making of the transfer or agreement until 9 June 2024 or later so the provisions relating to the first home concession or first home vacant land concession, as in force on or after 9 June 2024, would apply in relation to the dutiable transaction.

The anti-avoidance provisions are essential to ensure the integrity of the revenue base, which is particularly necessary as the first home concession and first home vacant land concession provide generous tax relief. The provisions are designed to ensure that the changes do not apply to transactions that are structured to artificially defer the timing of the transaction (e.g. cancelled contracts re-entered into on or after 9 June 2024) and that they only apply to appropriate transactions entered into on or after 9 June 2024.

Whether a transaction replaces one that was made before 9 June 2024 and included the same land, or there was an option to buy or sell land granted before 9 June 2024 and exercised on or

after that date, are questions of fact and do not involve opinions or decisions based on subjectivity.

Where the Commissioner decides there is an arrangement the sole or main purpose of which was to defer the transaction until 9 June 2024 or later so the changes relating to the increased concessions would apply to the transaction, this decision will be reflected in the amount of duty specified in an assessment, or reassessment (that is, the applicable duty will be calculated in accordance with the relevant provisions of the Duties Act as in force immediately before 9 June 2024). An assessment (or reassessment) will be subject to the existing review framework under the *Taxation Administration Act 2001* (Administration Act). That is, a taxpayer who is dissatisfied with their assessment (including a reassessment) is able to object to the assessment, including decisions leading up to and forming part of the assessment. For a reassessment, the right of objection is limited to the changes for the particular matters for which the reassessment is made. Further, if a taxpayer is dissatisfied with the decision on their objection, they have the right to appeal to the Supreme Court or apply to the Queensland Civil and Administrative Appeal Tribunal (QCAT) for a review.

Retrospectivity

Section 4(3)(g) of the Legislative Standards Act provides that whether legislation has sufficient regard to rights and liberties of individuals depends on whether, amongst other things, the legislation does not adversely affect rights and liberties, or impose obligations, retrospectively.

The amendments relating to the transfer duty concessions are proposed to commence from 9 June 2024, being the date of announcement of the changes. This will enable first home buyers to immediately enter into transactions to buy their first home (or vacant land on which to build their first home) without having to wait for the relevant amendments to commence. In order for the amendments to take effect from 9 June 2024, the amendments will need to commence retrospectively.

Although retrospective legislation may raise issues relating to FLPs, the amendments are not considered to be inconsistent with FLPs as they implement revenue measures that are beneficial and do not adversely affect rights and liberties, or impose obligations, retrospectively. While the anti-avoidance provisions referred to above will also have retrospective operation (in that they need to commence on and from 9 June 2024), as mentioned previously, these provisions are essential to ensure the integrity of the revenue base. Further, any decisions made under these provisions will only be made once the Bill containing the amendments has received Royal Assent and has come into effect. Decisions will also be subject to review under the existing framework in the Administration Act, as mentioned above.

FHOG Act – increase to grant amount – making rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review; and not adversely affecting rights and liberties, or imposing obligations, retrospectively (Legislative Standards Act 1992, sections 4(3)(a) and (g))

New anti-avoidance provisions

Similar to the proposed amendments relating to the increase in the transfer duty first home and first home vacant land concession thresholds, the proposed amendments to the *First Home Owner Grant and Other Home Owner Grants Act 2000* (FHOG Act) to increase the amount of

the First Home Owner Grant (FHOG) with effect from 20 November 2023 will include anti-avoidance provisions.

Under the provisions, an eligible transaction that is a contract will not be considered to be a relevant eligible transaction if the Commissioner is satisfied the contract forms part of a scheme to circumvent the limitations on, or requirements affecting, eligibility or entitlement to a FHOG for a relevant eligible transaction. In certain circumstances, the Commissioner must presume the existence of a scheme (for example, where a contract replaces one made before 20 November 2023 for the same or a substantially similar home), unless satisfied to the contrary.

As mentioned above, anti-avoidance provisions are essential to ensure the integrity of the revenue base, which is particularly necessary as the FHOG provides generous assistance to first home buyers looking to buy or build a new home. The provisions are designed to ensure that the changes only apply to appropriate transactions entered into on or after 20 November 2023 and that they do not apply where there is a scheme to circumvent the limitations on, or requirements affecting, eligibility or entitlement to a grant.

The circumstances in which the Commissioner must presume a scheme largely involve questions of fact and are not dependent upon opinions or decisions based on subjectivity. For example, whether a subsequent contract replaces one made before 20 November 2023 for the purchase of the same or a substantially similar home are questions of fact. While the Commissioner has a discretion not to treat something as a scheme if satisfied to the contrary, this discretion is ameliorating and enables the Commissioner to consider genuine reasons as to why a transaction may have been carried out the way it was.

Where the Commissioner decides there is a scheme to circumvent the limitations on, or requirements affecting, eligibility or entitlement to a FHOG for a relevant eligible transaction (either under the general discretion or because the presumption applies and the Commissioner is not satisfied to the contrary), this will be reflected in the Commissioner's decision on the applicant's application for a grant. Decisions of the Commissioner on applications for a grant are subject to the existing review framework under the FHOG Act. That is, an applicant who is dissatisfied with the Commissioner's decision on their application is able to object to the decision. Further, if an applicant is dissatisfied with the decision on their objection, they have the right to apply to QCAT for a review.

Retrospectivity

The amendments to the FHOG Act in respect of the increase to the amount of the FHOG will have retrospective effect from 20 November 2023. Retrospective amendment is considered necessary and appropriate as it will give legislative effect to a beneficial administrative arrangement which has facilitated the increase to the FHOG amount from 20 November 2023. This administrative arrangement has been published in a Public Ruling issued by the Commissioner.

In addition, it will ensure applicants who applied for the increased FHOG amount are able to access existing objection and review rights in respect of decisions on applications made prior to commencement of these amendments. This is beneficial as it affords applicants who have decisions made on their application for the increased FHOG prior to commencement with procedural fairness consistent with applicants who have decisions made post-commencement.

Retrospective amendment will also mean that investigative, enforcement and recovery powers ordinarily available to the Commissioner may be exercised in respect of applications and decisions regarding the increased FHOG amount made prior to commencement of the amendments. This may not be considered beneficial as it may require some applicants to repay the grant or to pay a penalty amount in certain circumstances. However, retrospective operation is necessary to ensure there are appropriate revenue protection measures and sanctions in place to disincentivise non-compliance. This is particularly critical given the FHOG may be paid before certain conditions (such as occupancy requirements) are satisfied. Without appropriate sanctions in place, the integrity of this beneficial grant program may be compromised.

It is relevant to note that the amendments do not create new powers, offences or penalties. Instead, they will apply existing powers, offences and penalties under the FHOG Act to grant applications and decisions for the increased FHOG amount made prior to commencement of the amendments. This will mean that the FHOG Act will apply in a consistent manner for all applicants who apply for the increased FHOG amount as well as applicants for other grants administered under that Act.

The existing provisions in the FHOG Act are well-established, having been in place for a number of years, and are considered to have sufficient regard to FLPs. Further, these powers are only exercisable in certain circumstances, such as where the grant has been paid in error, where an applicant is found not to have met the eligibility criteria or occupancy requirements, or where the applicant makes false or misleading documents or statements.

In making an application for the increased FHOG amount under the administrative arrangement, applicants were required to agree to the terms and conditions of the arrangement. The administrative arrangement provides that the Commissioner may impose conditions on the payment of the grant, and that an applicant must not, without reasonable excuse, fail to comply with a condition imposed by the Commissioner. Additionally, the Commissioner may require repayment of the grant where an applicant does not comply with a condition of the arrangement. It is relevant to note that the administrative arrangement (published in the Public Ruling) and the FHOG Act were both publicly available to applicants, and applicants were able to consider the eligibility requirements and conditions contained therein in deciding to make an application for the increased FHOG prior to commencement of the amendments.

It is therefore considered that the amendments to the FHOG Act are not inconsistent with FLPs.

Consultation

Community consultation was not undertaken in relation to the amendments in the Bill as they are being implemented as part of the 2024-25 Budget or are necessary to support revenue administration.

Consistency with legislation of other jurisdictions

The amendments are specific to the State of Queensland and are not otherwise uniform with or complementary to legislation of the Commonwealth or another state or territory.

Notes on provisions

Part 1 Preliminary

Clause 1 provides that the Bill, when enacted, may be cited as the *Revenue and Other Legislation Amendment Act 2024*.

Clause 2 provides for the commencement of the amendments made by the Bill. In particular, it provides that the amendments to the:

- *Duties Act 2001* to increase the transfer duty first home concession and first home vacant land concession thresholds and values at which they phase out are taken to have commenced on 9 June 2024;
- *Duties Act 2001* to increase the rate of the additional foreign acquirer duty commence on 1 July 2024;
- *First Home Owner Grant and Other Home Owner Grants Act 2000* to increase the amount of the First Home Owner Grant are taken to have commenced on 20 November 2023, other than section 13 which commences on assent;
- *Land Tax Act 2010* to increase the surcharge rates for absentees, foreign companies and trustees of foreign trusts commence on 30 June 2024; and
- *Payroll Tax Act 1971* to extend the apprentice and trainee rebate and introduce a wage threshold for the discount for regional employers commence on 1 July 2024.

Part 2 Amendment of the Duties Act 2001

Clause 3 provides that part 2 amends the *Duties Act 2001*.

Clause 4 amends subsection 92(1)(c)(i) to increase the threshold (to \$700,000 for residential land and \$350,000 for vacant land) under which a person may be eligible for the first home transfer duty concession where the unencumbered value of the residential land or vacant land being transferred does not exceed \$700,000 or \$350,000 (respectively), even though the consideration for the transfer of the land is less than the unencumbered value of the land.

Clause 5 inserts new part 29 into chapter 17 to provide transitional provisions for the *Revenue and Other Legislation Amendment Act 2024*.

New section 681 provides definitions for part 29.

New section 682 provides for references to *former* and *new* provisions for the transitional provisions in part 29. Former provision refers to the provision as in force from time to time before the commencement of the transitional provision. New provision refers to the provision as in force from the commencement of the transitional provision. The section gives examples of former and new provisions using the *concession provisions*, as defined in new section 681.

New section 683 generally provides for the application of the concession provisions. The new concession provisions (that is, section 92 and Schedules 4A and 4B of the Duties Act), as in force on and from 9 June 2024, apply to a dutiable transaction only if the liability for transfer

duty arises on or after 9 June 2024. If the liability for transfer duty for a dutiable transaction arose before 9 June 2024, the concession provisions as in force prior to 9 June 2024 apply.

New section 684 is an anti-avoidance provision that provides for the application of the concession provisions to particular transactions. It provides that the former concession provisions (as in force prior to 9 June 2024) continue to apply to certain transfers, or agreements for the transfer, of residential land or vacant land made on or after 9 June 2024.

Clause 6 amends Schedules 4A and 4B to replace existing first home concession and first home vacant land concession amounts with new concession amounts commencing 9 June 2024.

Clause 7 amends section 244(2) and (3) to omit the current AFAD rate of 7 per cent and replace it with the new increased AFAD rate of 8 per cent.

Clause 8 amends section 245(2) and (4)(b) to omit the current AFAD rate of 7 per cent and replace it with the new increased AFAD rate of 8 per cent.

Clause 9 amends section 245A(2) to omit the current AFAD rate of 7 per cent and replace it with the new increased AFAD rate of 8 per cent.

Clause 10 inserts new section 685 which is a transitional provision for Part 2, Division 3. New section 685 provides, in subsection (1), that former sections 244, 245 and 245A apply in relation to a relevant transaction if a liability for transfer duty, landholder duty or corporate trustee duty arose before 1 July 2024. Subsection (2) provides that new sections 244, 245 and 245A apply in relation to a relevant transaction if a liability for transfer duty, landholder duty or corporate trustee duty arises on or after 1 July 2024.

Subsection (3) provides that relevant transaction has the meaning in section 230, being dutiable transactions on which transfer duty is imposed under chapter 2 and relevant acquisitions on which landholder duty or corporate trustee duty is imposed under chapter 3.

Part 3 Amendment of the First Home Owner Grant and Other Home Owner Grants Act 2000

Clause 11 provides that Part 3 amends the *First Home Owner Grant and Other Home Owner Grants Act 2000*.

Clause 12 inserts new division 7 into part 3, to provide for the temporary increase to the amount of the first home owner grant for relevant eligible transactions entered into between 20 November 2023 and 30 June 2025.

New section 25EA defines *relevant eligible transaction* for determining eligibility for the increased amount of the first home owner grant. Subsection (1) provides that a relevant eligible transaction is an eligible transaction mentioned in section 5(1) that is entered into between 20 November 2023 and 30 June 2025, both dates inclusive. Subsection (2) provides that an eligible transaction that is a contract will not be a relevant eligible transaction if the Commissioner of State Revenue (commissioner) is satisfied that the contract forms part of a scheme to circumvent limitations on, or requirements affecting, eligibility or entitlement to the increased amount of the grant. Subsection (3) sets out some of the circumstances where the commissioner

will presume that such a scheme exists. These provisions are necessary to prevent abuse of the first home owner grant scheme. Such abuse may occur, for example, where parties replace a contract made prior to 20 November 2023 with a contract made on or after 20 November 2023 for the same or a substantially similar home.

New section 25EB specifies that the amount of the first home owner grant for a relevant eligible transaction (as defined in new section 25EA) is \$30,000. However, if the consideration for the transaction is less than \$30,000, the amount of the grant will be equal to the amount of the consideration.

Clause 13 inserts new part 14 to provide a validation provision for the *Revenue and Other Legislation Amendment Act 2024*.

New section 87 declares that, for an application under section 16 for a relevant eligible transaction (as defined in new section 25EA) that is made before the commencement of this section, the rights and liabilities of all persons are the same and always have been the same, and anything done has the same effect and is taken to always have had the same effect, in relation to that application as if part 3, division 7 had been in force from 20 November 2023.

Clause 14 amends the schedule (Dictionary) to insert a definition of *relevant eligible transaction*.

Part 4 Amendment of the Land Tax Act 2010

Clause 15 provides that Part 4 amends the *Land Tax Act 2010*.

Clause 16 amends schedule 2 which sets out the rate of land tax for companies and trustees. Part 2 of schedule 2 is amended to omit the current surcharge rate that applies to foreign companies and trustees of foreign trusts of 2 per cent and replace it with the new increased foreign surcharge rate of 3 per cent. The increased foreign surcharge rate applies from the 2024-25 financial year onwards.

Clause 17 amends schedule 3 which sets out the rate of land tax for absentees. Part 2 of schedule 3 is amended to omit the current absentee surcharge rate of 2 per cent and replace it with the new increased absentee surcharge rate of 3 per cent. The increased absentee surcharge rate applies from the 2024-25 financial year onwards.

Part 5 Amendment of the Payroll Tax Act 1971

Clause 18 provides that Part 5 amends the *Payroll Tax Act 1971*.

Clause 19 amends section 10A which provides a 1 per cent discount on the rate of payroll tax imposed under section 10 for regional employers for return periods in certain financial years. Section 10A(2) is amended to provide that it is subject to the new section 10A(4) (as renumbered).

New section 10A(3A) provides that, from 1 July 2024, a regional employer (as defined in section 10A(3)) is not entitled to the 1 per cent payroll tax rate discount under section 10A(2)

for a return period if the taxable wages paid or payable by the employer in that period is more than the wage threshold.

Section 10A(4) is amended to insert the definition of *wage threshold*. For an annual return period, the wage threshold is \$350 million. For a periodic return period that is a month, the wage threshold is \$29,166,666. For any other period, such as a periodic return period other than a month or a final return period, the wage threshold is calculated in accordance with the formula provided and is a proportion of the wage threshold of \$350 million for an annual return period relative to the number of days in the relevant period.

Sections 10A(3A) and (4) are renumbered as sections 10A(4) and (5).

Clause 20 amends the definition of *rebate* in section 27A(3), which provides the formula for working out the rebate for wages paid or payable to apprentices and trainees during a periodic return period in an eligible year. The amendment extends availability of the 50 per cent rebate to the 2024-25 financial year.

Clause 21 amends the definition of *rebate* in section 35A(4). For an annual payroll tax amount, section 35A(4) provides the formula for working out the rebate for wages paid or payable to apprentices and trainees during an eligible year. The amendment extends availability of the 50 per cent rebate to the 2024-25 financial year.

Clause 22 amends the definition of *rebate* in section 43A(3), which provides the formula for working out the rebate for wages paid or payable to apprentices and trainees during a final return period in an eligible year. The amendment extends availability of the 50 per cent rebate to the 2024-25 financial year.

Clause 23 amends the definition of *eligible year* in the dictionary in the schedule to include the financial year ending 30 June 2025. This amendment, along with the amendments to sections 27A(3), 35A(4) and 43A(3) explained above, extend availability of the 50 per cent rebate for wages paid or payable to apprentices and trainees to the 2024-25 financial year.