

Question on Notice

No. 652

Asked on 13 April 2010

MS DAVIS ASKED THE TREASURER AND MINISTER FOR EMPLOYMENT AND ECONOMIC DEVELOPMENT (MR FRASER)—

QUESTION:

With reference to Home Concession for Transfer Duty—

- (1) Will the Treasurer provide details regarding the current processes for the issuing of Form D2.4 – Reassessment – Home Transfer, and the circumstances under which they are issued?
- (2) How many D2.4 – Reassessment – Home Transfer forms were issued in 2007-08, 2008-09, and 2009-10 to March 2010?
- (3) What is the total revenue from these reassessments of transfer duty, penalty tax, unpaid tax interest (listed separately) for 2007-08, 2008-09 and 2009-10 to March 2010?

ANSWER:

- (1) The *Duties Act 2001* imposes conditions for the home, first home and first home vacant land concessions for transfer duty. The conditions are firstly, that the purchaser occupies the property as their home within one year of the purchase for established homes, or within two years of the purchase for vacant land; and secondly, that the purchaser not dispose of part or all of the property by transfer or lease either before or within one year of commencing occupation, other than because of natural disaster, death or incapacity.

Where the purchaser has not met the conditions for the concession, they are required to give notice to the Commissioner of State Revenue (Commissioner) within 28 days.

Notice is required to be given by completing a *Form 2.4 – Notice for reassessment of transfer duty home and vacant land concessions*. The obligations relating to occupancy, the requirement to notify the Commissioner if those obligations are not met, and the consequences of not meeting those obligations are stated on *Form 2.1 – Claim for home/first home transfer duty concession*. This form is required to be signed by all purchasers who claim transfer duty concessions.

Form 2.4 – Notice for reassessment of transfer duty home and vacant land concessions is available at the Office of State Revenue's (OSR) website at www.osr.qld.gov.au or by calling 1300 300 734. *Form 2.4 – Notice for reassessment of transfer duty home and vacant land concessions* is also provided to purchasers who are identified through OSR's active compliance regime, as having incorrectly claimed a homebuyer concession due to not fulfilling concession requirements. Following receipt of a completed form 2.4 the Commissioner will issue a reassessment of transfer duty.

The Commissioner may impose penalty tax and unpaid tax interest as part of the reassessment. The Commissioner may remit all or part of the penalty tax. Where a taxpayer voluntarily discloses their failure to meet the conditions for the concession, the Commissioner's practice is to remit a greater percentage of penalty tax than where the Commissioner detects the failure to meet the conditions for the concession.

- (2) The total number of reassessments issued as a result of completed forms 2.4 provided to OSR is:

2008-09: 2,460
 2009-10 (to 30 April): 1,860

This includes all reassessments as a result of voluntary disclosure by taxpayers and compliance activity by OSR. The number of reassessments represents 3.1% of total home concessions provided in 2008-09 (79,369) and 3.1% of total home concessions provided to 30 April in 2009-10 (59,505). The total number of home concession reassessments can only be identified from 2008-09 onwards following the introduction of the OSR Revenue Management System.

- (3) A reassessment of transfer duty may involve a number of reasons but only the net result is recorded. The value of reassessments that are attributable to non-fulfilment of home concession conditions is not available. However data relating to the outcomes of the OSR Investigations Program is available.

The following table sets out the number of, and total revenue from, reassessments issued by the Commissioner for breach of home, first home and first home vacant land concession requirements as a result of the OSR Investigations Program in 2007-08, 2008-09 and 2009-10.

Transfer duty home concession reassessments from OSR Investigations Program					
Year	Number	Primary Tax \$	Assessed Interest \$	Penalty Tax ¹ \$	Total \$
2007-08	94	284,268	43,810	177,775	505,853
2008-09	1,424	3,167,449	469,287	1,531,039	5,167,775
2009-10 ²	1,012	2,968,581	434,877	1,048,108	4,451,566
Notes:					
1. Net penalty tax assessed. Excludes penalty remitted by the Commissioner.					
2. Partial year to 30 April 2010.					

OSR undertakes an annual review of the Investigations Program to determine and address non compliance with the revenue laws. The Commissioner advises that the increases in number of reassessments from 2007-08 to 2008-09 are a consequence of this annual review. The increases are a consequence of improvements to processes and the Investigations Program.