

REVENUE LAWS AMENDMENT BILL (NO. 3) 2008

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Barry House (Parliamentary Secretary)**, read a first time.

Second Reading

HON BARRY HOUSE (South West — Parliamentary Secretary) [4.35 pm]: I move —

That the bill be now read a second time.

This bill amends the land tax and metropolitan region improvement tax scales for the land tax year 2008-09. The current legislated scales for 2008-09 were introduced in the 2008-09 budget and passed by Parliament in the Revenue Laws Amendment Act 2008 on 19 June 2008. However, the Valuer-General has since advised that unimproved land values for the 2008-09 land tax year will increase by an average of 35 per cent instead of the 30 per cent growth that was estimated in the 2008-09 budget. As a consequence, if no further changes were made to the scales, landowners would incur a larger than anticipated average increase in their tax bills. Total land tax and metropolitan region improvement tax revenue would exceed the 2008-09 budget estimate by around \$41 million, or seven per cent.

This bill seeks to amend the scales to reduce the land tax and metropolitan region improvement tax rates by an average of seven per cent. This measure will have a neutral impact on the budget and is in line with the government's commitment in its tax reform and reduction strategy to return windfall tax revenues to taxpayers. Under the proposed 2008-09 scales, the total land tax and metropolitan region improvement tax that will be payable on a metropolitan property with an unimproved value of \$500 000 will be reduced from \$500 to \$460, when compared with the budget scale. The total tax payable on a \$1 million property will be reduced from \$1 750 to \$1 610. The total tax payable on a large commercial property valued at \$10 million will be reduced from \$133 900 to \$125 810. Large commercial property owners, such as shopping centres, will be expected to pass the savings on to their tenants. Compared with the 2007-08 land tax scale, the total land tax payable on a \$500 000 property in the metropolitan area will fall by 44 per cent, from \$825 to \$460. The tax payable on a \$1 million property will fall by 50 per cent, from \$3 225 to \$1 610, and the tax payable on a \$10 million property will fall by 12 per cent, from \$143 425 to \$125 810.

The issuing of the 2008-09 land tax and metropolitan region improvement tax assessment notices was originally scheduled to commence in September 2008. To minimise further delays and associated uncertainty for taxpayers, the Treasurer used the variation of statute power that was passed by the Parliament on 19 June 2008 to publish a determination notice in the *Government Gazette* advising the early operation of the pre-enactment provisions. This enabled the Commissioner of State Revenue to commence the issuing of assessment notices on the basis of the adjusted scales before the end of November. A detailed explanation of the bill is contained in the associated explanatory memorandum. I commend the bill to the house and table the associated explanatory memorandum.

[See paper No 652.]

Debate adjourned, pursuant to standing orders.