

DUTIES LEGISLATION AMENDMENT BILL 2013

Introduction and First Reading

Bill introduced, on motion by **Dr M.D. Nahan (Minister for Finance)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

DR M.D. NAHAN (Riverton — Minister for Finance) [12.10 pm]: I move —

That the bill be now read a second time.

This bill contains amendments to unwind the scheduled abolition of transfer duty on non-real business assets, such as business licences, goodwill and intellectual property. The abolition will be revisited when its cost can be better accommodated in the state's budget. Western Australia previously undertook to abolish this duty from 1 July 2010, as part of the GST agreement between the commonwealth and all states and territories. This abolition was legislated for in the Duties Legislation Amendment Act 2008. However, in 2009, the impact of the global financial crisis compelled the state government to defer the abolition date by three years to 1 July 2013. This was given effect in the Revenue Laws Amendment Act 2010. Unfortunately, volatility in the state's revenue base and expenditure pressures from rapid economic and population growth are continuing to place significant strains on the state's finances. This has been exacerbated by the commonwealth government's refusal to implement the recommendation from its own goods and services tax distribution review to immediately reduce by three per cent the effective redistribution of mining royalties among the states. This represents a cost to Western Australia of over \$100 million per year.

This bill therefore seeks to retain transfer duty on non-real business assets while at the same time retaining the concessional rate of transfer duty that applies to certain small business and principal place of residence transactions valued below \$200 000. It is expected that these amendments will improve the state's finances by around \$120 million per year. Transfer duty on non-real business assets is the only state tax identified in the GST agreement with the commonwealth that has yet to be abolished in Western Australia. Other jurisdictions, including New South Wales, Queensland, South Australia and the Northern Territory, have also deferred the abolition of this duty in light of a generally constrained fiscal environment, low growth in the GST nationally and/or funding priorities.

If this bill receives royal assent before 1 July 2013, it will amend the Duties Legislation Amendment Act 2008 and the Duties Act 2008 to repeal the provisions that would otherwise abolish duty on non-real business assets. If the bill is assented to on or after 1 July 2013, the original provisions imposing duty on non-real business assets will be re-enacted. Transitional provisions will apply to dutiable transactions over business assets that were entered into on or after 1 July 2013, but before the commencement of the re-enacted provisions. The associated explanatory memorandum contains further details on the amendments.

I commend this bill to the house.

Debate adjourned, on motion by **Mr M. McGowan (Leader of the Opposition)**.