

TAXATION CONCESSIONS AND REBATES BILL 2011

SECOND READING SPEECH

Mr Speaker

The 2011-12 Budget contains a number of changes to taxation concessions and rebates. The Taxation Concessions and Rebates Bill 2011 implements these changes by amending the *Duties Act 2001*, the *Employment Incentive Scheme (Payroll Tax Rebate) Act 2009*, the *Land Tax Act 2000* and the *Land Tax Rating Act 2000*.

This Budget has been a particularly challenging one, and the Government has had to make many tough decisions. Some of the amendments in this Bill will reduce Government expenditure on taxation exemptions and concessions. However, the Government will also support Tasmanians by providing assistance to businesses that create new employment.

Duty concession and refund

Mr Speaker, the Duties Act is to be amended so that first home buyers who purchase their home after 16 June 2011 will no longer be eligible for the First Home Buyer Duty Concession.

First home buyers who had already entered into an agreement to purchase a home on or before 16 June 2011 will still be eligible for the duty concession.

The Duties Act is also to be amended so that refunds of duty paid on vacant land on which a first home builder subsequently builds their first home will no longer be available for those purchasing land after 16 June 2011.

The duty refund will still be available to eligible first home builders who agreed to purchase vacant land on or before 16 June 2011.

Mr Speaker, Tasmanian first home buyers who have already agreed to purchase a home, or land on which to build their first home, will not be disadvantaged by this amendment. It is also important to note that first home buyers and builders will continue to be eligible for the First Home Owner Grant of \$7 000.

Payroll tax rebate for additional employees

Mr Speaker, the Government implemented a payroll tax rebate in the 2009-10 Budget to assist Tasmanian employers to take on additional staff during the global financial crisis. The Employment Incentive Scheme has been successful, supporting the creation of 867 new jobs.

The Government announced in the 2011-12 Budget that it would support Tasmanians and Tasmanian employers by providing further assistance to businesses that create new jobs in 2011-12.

The Employment Incentive Scheme (Payroll Tax Rebate) Act is to be amended to establish a second scheme for jobs created between 16 June 2011 and 30 June 2012.

Payroll tax rebates for new jobs created during this period will continue to be paid until 30 June 2013, provided the jobs created are maintained until that date.

It is estimated that the new scheme will support the creation of more than 850 jobs by rebating \$5.5 million back into the businesses that invest in Tasmania by creating new jobs.

Land tax – concession card holders and veterans

Mr Speaker, the Government has announced changes to the Land Tax Act to remove the exemption for general land owned by a Pensioner Concession Card holder, Repatriation Health Card holder or recipient of a special rate pension under the *Veteran's Entitlement Act 1986* of the Commonwealth.

General land is land that is not principal residence land or primary production land. General land may, for example, include commercial, or investment properties. These properties are either earning income or capable of earning income and it is appropriate that they are subject to land tax like the rest of the community.

However, pensioners should not be concerned that they will be charged land tax on their family home.

The Land Tax Act is to be amended so that pensioners remain eligible for a land tax exemption on their principal place of residence and any primary production land that they own.

Land tax – holiday homes

Mr Speaker, the Government has announced that holiday homes will no longer be exempt from land tax from 1 July 2011. Owners of holiday homes received a windfall in 2010-11, but in the current budgetary environment this concession is no longer affordable.

The Land Tax Act and the Land Tax Rating Act are to be amended to repeal a number of references to the shack land classification.

Conclusion

Mr Speaker, the amendments contained in this Bill implement the Government's taxation related Budget initiatives.

Mr Speaker, I commend the Bill to the House.