

7 June 2019

EXPANSION OF STAMP DUTY FOR DEVELOPER AGREEMENTS PASSED

HIA sent a member alert on 31 May 2019 advising members of proposed amendments to the *Duties Act 2000* that would expand developer, project managers and other parties liability to stamp duty for certain property transactions. The changes are set out in the State Taxation Acts Amendment Bill 2019.

Despite the extremely short notice of the proposed changes, HIA identified a number of concerns with the changes and put these to the Government.

HIA asked all parties in the Upper House to **remove** the clauses that relate to the additional duty on developer agreements and similar transactions from the Bill to as further clarity is required. The definitions in the Bill are very broad and may inadvertently capture a wide range of people entering into transactions and arrangements with landholders. It is unclear how many projects may be impacted in the future. It is also unclear how many projects underway will be impacted with an additional stamp duty liability without notice. The subsequent impact such a change will have on housing affordability has also been raised.

These concerns were acknowledged by the Opposition and some crossbenchers. The Parliamentary debate raised serious questions about the Government's approach to this legislation to expand the tax base with no opportunity for industry consultation.

Unfortunately despite these concerns the Bill has been passed overnight. HIA is now waiting for confirmation from the Government on when the changes will commence. We will further advise on this aspect once it becomes known.

There has also been a suggestion by the Government that further information from the State Revenue Office may be made available to guide industry on the application of the rules. Again we will seek guidance and provide further advice once this becomes available.

What to do next

If you are involved in property transactions where you may hold an 'economic entitlement' in land due to arrangements made with a landowner, HIA recommends that you seek advice about the possible impact of the change on your business and these projects.

The changes may create a stamp duty liability where a project involves land with an unencumbered value of over \$1 million and you receive payments, fees, reimbursements or profit contributions as a result of your involvement in the project.

If you require further information please contact Keith Ryan, Director Workplace Services on k.ryan@hia.com.au



MEMBER ALERT