

Financial Management

Financial Management Act

In June 2009, the *Financial Management Act* was amended to facilitate the new Commonwealth funding arrangements included in the IGA on Federal Financial Relations approved by COAG in November 2008, and to effect other minor administrative amendments.

Included in the IGA are new payment arrangements for Specific Purpose Payments (SPPs) and National Partnership Agreements (NPAs) whereby since January 2009 payments are made by the Commonwealth Treasury to state and territory Treasuries for distribution to relevant line agencies.

Previously, tied funding of this nature was paid by Commonwealth line agencies directly to the state line agencies. However, the large number of payments, the multiple agencies involved, and the variations in the payments, meant that monitoring and management of the various payments was complex for all governments.

Consistent with the requirements of the IGA and approaches adopted by the jurisdictions, SPP and NPA revenue from the Commonwealth is paid into the CHA and provided to agencies in the (new) form of Commonwealth appropriation.

Own-Source Revenue

Payroll Tax Act

On 1 July 2009 a new *Payroll Tax Act* came into effect. The new *Payroll Tax Act* rewrites the previous *Pay-roll Tax Act* to largely harmonise it with the legislation of other states. The new Act simplifies payroll tax rules and reduces red tape for businesses that employ in more than one jurisdiction. It will also provide significant compliance cost savings to businesses. The new Act follows the harmonising of several areas of payroll tax from 1 July 2008.

Amendments commencing from 1 July 2009:

- introduced relevant contract provisions, which provide rules for the taxation of payments made to contractors that predominantly provide labour

services. These rules approximate common law principles on the relationship between an employer and an employee;

- extended an existing exemption for public benevolent institutions and religious institutions to other non-profit organisations that have a sole or dominant charitable, benevolent, philanthropic or patriotic purpose;
- exempted wages paid to employees participating in voluntary work for bushfires and emergency relief;
- exempted wages paid as maternity, paternity or adoption leave for a maximum of 14 weeks; and
- removed payroll tax on wages paid by employment agents to temporary staff where the wages would be exempt if paid directly by the client of the employment agent.

Stamp Duty Act

As part of the Northern Territory's 2009-10 Budget, an amendment commencing on 1 October 2008 exempted first home saver accounts offered by life insurance companies from life insurance duty. Other amendments, commencing from 6 May 2009:

- clarified the imposition of stamp duty on mergers. The rules make it clear that a conveyance of dutiable property occurs when there is a merger vesting of property;
- imposed landholder stamp duty on the takeover of a corporation or unit trust that is listed on a recognised financial market, such as the Australian Securities Exchange. This includes a merger vesting of shares, which is one way that a takeover can be achieved;
- changed the application of the landholder provisions so that the provisions apply to acquisitions of interests in unlisted unit trusts of 50 per cent or more (previously 20 per cent for private unit trusts);
- prevented the avoidance of landholder stamp duty where a person acquires control of a corporation or unit trust without acquiring an entitlement to the property of the entity on its winding up or termination; and

- prevented the avoidance of landholder stamp duty where an arrangement exists that has the effect of reducing a person's entitlement on the winding up of a corporation or the termination of a trust.

Also, as part of the Territory's 2009-10 Budget, amendments commencing from 1 July 2009:

- extended existing exemptions for public benevolent institutions and religious institutions to other non-profit organisations that have a sole or dominant charitable, benevolent, philanthropic or patriotic purpose;
- exempted caravans and other non-motorised trailers with a gross vehicle mass of ≤ 4.5 tonnes from motor vehicle registration stamp duty;
- allowed the original purchaser in an agreement to be substituted with a related person without double stamp duty consequences. The purchaser and the substitute may be in a family relationship or one may be a family company or family trust;
- removed the requirement to lodge cancelled agreements with the Territory Revenue Office unless a sub-sale of property or conveyance by direction has occurred;
- removed an exemption for the lease of residential premises, which has technically been unnecessary following the abolition of lease duty on rent from 1 July 2006. This clarifies that all leases granted for valuable consideration in addition to, or instead of, rent, are liable to conveyance stamp duty;
- exempted the grant or transfer of a lease of residential premises in a retirement village; and
- enabled listed stapled entities to reorganise by way of 'top hatting', with a new head trust being interposed or an existing trust elevated to head trust, without landholder stamp duty being payable.

Consequential Amendment Resulting from the Introduction of the *Taxation Administration Act*

An amendment made as a consequence of the introduction of the *Taxation Administration Act* reinstated the ability to place a statutory charge on land that was the subject of a pre-1 January 2008 landholder transaction where a stamp duty liability is still outstanding.

First Home Owner Grant Act and Regulations

To give effect to the Commonwealth Government's First Home Owner Boost scheme, amendments provided for an additional grant to first home owners who purchase a home or commence construction of a new home between 14 October 2008 and 31 December 2009. The additional grant varies from \$3500 to \$14 000, depending on whether the home is new and the date the transaction is entered into.

Gaming Machine Regulations

On 1 January 2009, the taxation arrangements that apply to clubs and hotels in relation to community gaming machines were made uniform. The rates were revised so that clubs and hotels are subject to a tiered gaming machine tax rate, depending on each venue's gross monthly profit. The lowest rate of 12.91 per cent applies to gross monthly profits of up to \$10 000, with the rate rising to 22.91 per cent for profits between \$10 001 and \$100 000, 32.91 per cent for profits between \$100 001 and \$200 000, and peaking at 42.91 per cent for profits over \$200 000.

Superannuation

Northern Territory Police Supplementary Benefits Scheme Trust Deed and Northern Territory Supplementary Superannuation Scheme Instrument

The Northern Territory Supplementary Superannuation Scheme (NTSSS) and the Northern Territory Police Supplementary Benefit Scheme (NTPSBS) were amended to insert new definitions of spouse, de facto partner and de facto relationship to align with definitions in the Commonwealth's amended *Family Law Act 1975* effective 1 March 2009.

The *Family Law Act 1975* changes provide for opposite sex and same sex de facto couples to access the Federal family law courts on property and maintenance matters. The changes also include recognition of financial agreements between de facto couples and superannuation splitting where determined by court proceedings, previously only available to legally married couples.