

TERRITORY REVENUE MANAGEMENT

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Purpose of this Circular

1. The purpose of this circular is to advise of recent amendments to the *Financial Institutions Duty Regulations* to:
 - a) provide a financial institutions duty ("FID") exemption for receipts by financial institutions of a First Home Owner Grant paid under the *First Home Owner Grant Act*; and
 - b) preserve the FID exemption for certain family assistance payments following recent changes to the Commonwealth legislation that provide for those payments.
2. Revenue Circular RA001 is incorporated into, and is to be read as one with, this circular.

First Home Owner Grant

3. Under the national tax reform arrangements, States and Territories have agreed to fund and administer a scheme to pay a once only maximum grant of \$7,000 to eligible first home owners to offset the impact of the Goods and Service Tax on the price of a home.
4. The *Financial Institutions Duty Regulations* have been amended, effective from 1 July 2000, to provide an exemption from financial institutions duty where the payment of grant money is:
 - a) received by way of a direct deposit to the credit of an account kept by a registered financial institution in the name of the grant applicant; or
 - b) directly credited to an account kept by a person who is a delegate of the Commissioner under section 30 of the *First Home Owner Grant Act* and the subsequent transfer to the credit of an account held with a financial institution in the name of the grant applicant.

Family Assistance Payments and Bonuses for Older Australians

5. The Commonwealth's New Tax System includes restructuring the family assistance payments from 1 July 2000. The new measures provide extra assistance to Australian families and seniors and, to an extent, simplify the current complex arrangements.
6. Prior to 1 July 2000, pensions and benefits - including family payments - paid under the *Social Security Act 1991* (Cth) and *Veterans' Entitlements Act 1986* (Cth) have been exempt from FID. The *Financial Institutions Duty Regulations* provided an exemption for such payments.

7. Under the national tax reform arrangements, the Commonwealth Government is providing expanded Family Assistance benefits. This involves removing the existing forms of family assistance from the *Social Security Act 1991* and placing them into *A New Tax System (Family Assistance) Act 1999* (Cth). In addition, the Commonwealth is offering an Aged Pensions Savings Bonus and Self-Funded Retirees Supplementary Bonus under *A New Tax System (Bonus for Older Australians) Act 1999* (Cth).
8. Accordingly, the *Financial Institutions Duty Regulations* have been amended, effective from 1 July 2000, to exempt from FID receipts of money resulting from a direct credit made under *A New Tax System (Family Assistance) Act 1999* (Cth) or *A New Tax System (Bonus for Older Australians) Act 1999* (Cth).
9. Payments made under the *Social Security Act 1991* (Cth) or *Veterans' Entitlements Act 1986* (Cth) remain exempt from FID.

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Further information on these exemptions may be obtained by contacting this office on ☎ (08) 8999 7941.

COMMISSIONER OF TAXES