

CONVEYANCING UPDATE

A Division of McKays Solicitors

For a smooth, hassle free conveyancing solution...

First stamp duty increase in 40 years...

Despite all the fanfare from Peter Beattie about reducing tax, the amendments to the Duties Act may actually increase the amount of stamp duty that some people pay.

From **1 January, 2006** you will no longer need to pay stamp duty on leases for commercial premises. You currently do not have to pay stamp duty on lease agreements for residential properties.

From **1 January, 2006** all credit business duty will be abolished. Credit business duty is stamp duty on credit card transactions and provision of other credit facilities.

Increase on stamp duty for purchase of property

From **1 July, 2006** the transfer duty rate will increase from **3.75% to 4%** for the range between **\$500,000 to \$700,000**. For amounts greater than **\$700,000** the percentage rate will increase to **4.5%**.

The concessional transfer duty rate of 1% for **principal place of residence will increase from \$300,000 to \$320,000 as of 1 July, 2006.**

Therefore if the purchase price is \$320,000 the stamp duty will be \$3,200.

If the purchase price is in excess of \$320,000 then the stamp duty will be \$3,200 plus 3.5% for the amount above \$320,000.

While these increases won't have a big impact on provincial cities like Mackay where the majority of properties are under \$500,000, it will have a big impact in Brisbane where a large number of the properties are above \$500,000.

This is the first time the state government has increased the rate of stamp duty in over 40 years.

Previously the government has not needed to increase the rate of stamp duty as the natural increase in prices has resulted in higher amounts of stamp duty being paid.

20 years ago the average rate of stamp duty on an average property was about 2%. Now it is over 2.5%.

If you want to know the amount of stamp duty payable on a property you can always check this out at our website **www.swc.net.au** and go to "calculate stamp duty".

If you need any further help please call Roland Taylor in our Mackay office on 4963 0800

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