

# NSW Mini-Budget Announcements

**Tuesday, 6 April 2004**

The NSW Treasurer, the Honourable Michael Egan, today announced the following revenue measures in the mini-Budget:

## First Home Plus

An increase in the thresholds for First Home Plus to \$500,000 phasing out at \$600,000 for the purchase of new or established dwellings anywhere in NSW and the increase in the threshold for the purchase of land anywhere in NSW to \$300,000 phasing out at \$450,000 effective from midnight on 3 April 2004.

Apart from the increases in thresholds, changes to the eligibility criteria for First Home Plus will be introduced with the legislation. These changes will more closely align the First Home Plus scheme with the eligibility criteria for the First Home Owner Grant scheme.

[Read the First Home Plus Factsheet](#). This is an interim factsheet only. It relates to contracts executed **on or after 4 April 2004** and until new legislation on eligibility criteria is enacted.

## Vendor Transfer Duty

A Vendor Transfer Duty of 2.25% will apply to consideration received on the sale or disposal of property, other than on the sale or disposal of a principal place of residence or farm. Liable properties will be exempt from the duty where the vendor's sale price or value on disposal does not exceed the purchase price or value on acquisition by more than 12%. This exemption phases out between 12% and 15%.

There will also be an exemption for the first sale by builders or developers of new dwellings. This will include "off the plan" sales.

Vendor Transfer Duty applies to liable contracts executed on or after 1 June 2004.

## Transfer Rate of Duty

Increasing the marginal rate of purchaser transfer duty from 5.5% to 7.0% on that part of the purchase price of a residential property in excess of \$3 million. This duty will replace the Premium Property Tax.

The increased rate of duty applies to liable contracts executed on or after 1 June 2004.



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## **Premium Property Tax**

Abolition of the Premium Property Tax from the 2005 tax year.

## **Land Tax**

- Abolition of the current land tax threshold effective from the 2005 land tax year.
- Replacing the current single marginal rate of 1.7% with the following marginal rate scale:
  - A land value of less than \$400,000 will pay a land tax rate of 0.4%
  - A land value of between \$400,001 and \$500,000 will pay a land tax rate of \$1,600 plus 0.6% on the value of land above \$400,000.
  - A land value above \$500,000 will pay a land tax rate of \$2,200 plus 1.4% on the value of land above \$500,000
- The provision of relief from land tax where the amount of tax owed is less than \$100.
- Introduction of a deferral mechanism for low income earners with taxable properties below \$300,000 in value that do not generate income.