



REV - Q - NEWS

Issue 15
March 2003

From the Executive Director

As we move into a new year, 2003 is already shaping up as another important year for the Office of State Revenue. There are currently several major organisational projects underway including the continued development and implementation of the Information Technology Strategic Plan. Our Strategic Directions Project is looking at how we will implement our client relationship management strategy and capitalise on our new simpler legislation and IT systems.

It is equally important that we recognise our achievements in 2002. Around this time last year we were preparing for the introduction of our new duties legislation. Looking back, the transition to the new legislation has been a big success. Relatively few legislative amendments have been necessary. These amendments have been made in the *Treasury Legislation Amendment Act 2002* and the *Revenue Legislation Amendment Act 2002*. A comprehensive explanation of these and other recent amendments is available on our website. This edition summarises some of the main changes.

Since the last edition, OSR's Client Contact Centre has gone statewide in its operations. This will result in an improved service, particularly for our regional clients.

We have been conducting educational audits of financial institutions who administer the First Home Owner Grant to Queenslanders on our behalf. This program has confirmed that the grant processes that are in place are working well.

OSR will soon be directing this educational audit program towards mortgage brokers, real estate agents and legal and accounting professionals who provide information to grant applicants. An ongoing audit program relating to the Fuel Subsidy Scheme is also ensuring that fuel retailers are correctly accounting for their fuel and passing on the 8.354 cent subsidy to Queensland motorists.

There have recently been some enhancements made to OSR's Calculators. The calculators can now be used interactively on the OSR website. They now also work on a wider range of operating systems and are easier to install.

With the successful roll-out of the requirement for self assessors to return stamp certain mortgages and transfer documents, OSR will soon require self assessors to assess certain lease documents in-house. We are also continuing with our educational audit program of self assessors for duties clients and I am pleased to report that the majority of our returns clients are handling their responsibilities well.

We are also in the process of reviewing and redesigning our website in line with the emergence of new Queensland Government standards for Internet sites. A project group has been established within OSR and is currently working internally and in partnership with representatives from across the Treasury portfolio to review the existing website and convert information into a design that complies with the standards.

Finally, recent articles in the Sunday Mail have unfairly criticised the office. Public debate on taxation administration is important, but to be beneficial to the community, it needs to be fully informed and objective. OSR takes great pride in our significant improvements in client service in recent years and you can rest assured that we are committed to continuous improvement in this area.

As the year unfolds we will be busy getting on with these projects and the business of managing Queensland's revenue as we strive to achieve our mission to be the state's first choice as innovative revenue managers for the government and the community.

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James Green



Client Contact Centre goes statewide for duties clients

In mid-November of last year the Office of State Revenue's (OSR) Client Contact Centre commenced operating statewide. Regional clients now have a single contact number for all enquiries: 1300 300 734.

As a result, the following region-specific numbers will be disconnected in the near future.

Cairns	1300 301 572
Rockhampton	1300 301 571
Townsville	1300 301 573

Our improved telephone system will automatically direct regional clients to a client service officer in their nearest OSR service centre. However, to ensure minimal delays during busy times, calls may be diverted to the first available client service officer in Queensland.



We trust you will enjoy the improved levels of service associated with this improvement.

For Brisbane clients the contact numbers for pay-roll tax, land tax, debits tax, fuel subsidy and first home owner grant enquiries remain unchanged and are listed in the contact directory at the back of this publication.

Increase in fees effective 1 January 2003

Postage Fee

The *Taxation Administration Regulation 2002* prescribes fees for the postal return of lodged documents. These fees are:

- \$3.50 for the first document by post; and
- \$1.00 for each additional document.

Adjudication Fee

The *Duties Regulation 2002* prescribes an adjudication fee for an instrument lodged with the Commissioner but not subject to duty. This fee is \$25.

Land Tax Clearance Certificate

The *Land Tax Regulation 1999* prescribes fees for the provision of certificates regarding the land tax status of a particular parcel of land. The fees are:

- \$21.00 (plus CITEC delivery fee of \$4.77) for a certificate issued under the CITEC CONFIRM system; or
- \$26.00 for an application lodged with the Office of State Revenue.



Fuel Subsidy Scheme update

Time limits on claims – reminders

Any claim for a subsidy for bulk end user fuel must be made within two years of using the fuel. The scheme for bulk end users commenced on 1 October 2000.

Any claim for a subsidy for retail fuel must be made within two years after the fuel was sold as retail fuel. The scheme for retailers commenced on 1 December 2000.

Audit Program

OSR has an ongoing audit program relating to the Queensland Government Fuel Subsidy Scheme. Field investigators check financial records to ensure retailers are correctly accounting for their fuel and are passing on the 8.354 cents subsidy to the Queensland motorist.

Part of the audit program also aims to ensure compliance with the off-road diesel scheme. Generally, off-road diesel must be purchased at the unsubsidised price. Investigators have found instances where subsidised diesel has been used for ineligible off-road purposes. In those cases, the subsidy must be repaid to OSR.

Accountants and financial advisers who act on behalf of businesses operating off-road diesel equipment should ensure their clients do not claim the benefit of a subsidy to which they are not entitled. OSR is contacting these businesses to explain the scheme and to recover any incorrectly obtained subsidy. Penalties and interest may also apply.

First Home Owner Grant - education and audits

To date, audits of financial institutions have provided a good level of confidence in the integrity of grant processes. Financial institution audits will continue throughout the 2003 financial year.

OSR will continue to undertake compliance checking of all applications lodged in Queensland, particularly in relation to previous residential property ownership. Applicants who are unsure about their eligibility to claim a grant and their obligation to repay the grant should they fail to make the home their principal place of residence, should visit our website or contact OSR directly for assistance.

An upcoming initiative for OSR will be an education and audit program directed at mortgage brokers, real estate agents, legal and accounting professionals who may provide advice to applicants for the grant. The principal purpose of the program will be to ensure that these service providers are well equipped to provide accurate advice to clients seeking assistance in completing application forms and accompanying declarations.



First Home Owner Grant - did you know?

Additional grants of \$7,000 and \$3,000 were made available to eligible applicants who entered into a contract to build or buy a new home during the periods from 9 March 2001 to 31 December 2001, and from 1 January 2002 to 30 June 2002, respectively.

One of the factors to be taken into consideration when determining eligibility for the additional grant is the date on which building work starts. Building work starts when laying of foundations for the home starts. The Commissioner of State Revenue considers the laying of foundations for a home to start:

- for a pole home or a home erected on stumps – the date when the poles or stumps are secured in the ground
or
- for any other home – the date on which the concrete slab for the home is laid.

OSR Calculators

A new OSR Calculator Package was implemented in February 2002 prior to the introduction of *the Duties Act 2001* and the *Taxation Administration Act 2001*. The calculators were generally well received. However, feedback from some of our clients indicated that they were unable to use the calculators due to some technical limitations.

In the November 2002 issue of Rev-Q-News we informed you that the calculators were being upgraded to:

- expand the number of operating systems the calculator works on
- enable simple installation from the OSR web site
- provide interactive use over the OSR web site.

Using web-based technologies we have developed a new version of the calculator package that will run in any late version web browser without the need for additional software plug-ins.

We have successfully tested our calculators on various operating systems including Microsoft Windows, Mac OS and Linux using both Internet Explorer (version 5.0 and above) and Netscape (version 7.0 and above). For further details refer to the calculator minimum requirements webpage on the OSR website.

While the calculators have been redeveloped to expand the client base that can use them, the actual operation of the calculators is largely unchanged. The only improvement is the addition of a GST component to the lease calculator.

What are the OSR Calculators?

The OSR calculator package has been designed to simplify and expedite duty calculations.

The package consists of calculators for:

- **transfer duty**
- **lease duty (including coverage of rent variations)**
- **mortgage duty including home/first home and refinance mortgages, further advances, composite claims and a ready reckoner.**



Legislation update

This time last year our attentions were focussed on the introduction and commencement of the *Duties Act 2001* and the *Taxation Administration Act 2001*. We are pleased to say that the transition to our new legislation went extremely well with all clients having little or no difficulty in adapting to the new legislation, supporting calculator packages and Client Contact Centre. We are also pleased to say that the legislation itself has been working well, with only a few fine tuning amendments being required.

These fine tuning amendments and amendments to our other legislation have been made in the *Treasury Legislation Amendment Act 2002*, the *Revenue Legislation Amendment Act 2002* and the *Discrimination Law Amendment Act 2002*.

Duties Act and Taxation Administration Act

As mentioned, the Treasury Legislation Amendment Act which received Royal Assent on 1 November 2001, and the Revenue Legislation Amendment Act which received Royal Assent on 28 November 2001, made a number of fine tuning amendments to the legislation which mainly address technical matters, clarify the operation of the legislation and ensure that the legislation operates correctly. Amendments were made in the areas of home concessions, lease duty transitional arrangements, statutory vestings and corporate reconstructions.

Amendments were also made to legislate existing administrative arrangements (e.g. the securitisation exemptions for financial asset receivables and the definition of 'occupancy right' for lease duty) and to make a number of industry amendments (e.g. wholesale unit trusts, hire duty and superannuation).

As with all of our amending legislation, details of the amendments and their commencement dates may be found on our website at www.osr.qld.gov.au. The amendments made by the Revenue Legislation Amendment Act have been set out according to the duty area that is amended (e.g. transfer duty, mortgage duty, lease duty). Simply go to the *What's New* webpage and follow the links to the duty area that is of interest to you.

Copies of each of the Acts and further details of the amendments can be found in the explanatory notes which are available from the Office of Parliamentary Counsel website at www.legislation.qld.gov.au.

Fuel Subsidy Act

The Revenue Legislation Amendment Act also amended the *Fuel Subsidy Act 1997* to enable the Commissioner, in addition to authorised persons, to request the provision of information and documents for the purposes of administering that Act.

An amendment was also made to the Fuel Subsidy Act to require a bulk end user to notify the Commissioner upon commencement of operation of a storage site.





Legislation update (continued)

Pay-roll Tax Act

The Treasury Legislation Amendment Act also amended the *Pay-roll Tax Act 1971* (effective as of 1 December 2002) to limit the operation of the exemption for wages paid or payable to apprentices and trainees, so that the exemption does not apply to wages paid to trainees who are existing workers. (A trainee will be considered an existing worker if, at the time of the traineeship commencing, the trainee has been employed for a continuous period of three months full-time or 12 months part-time or casual.) The amendment does not affect wages payable to trainees under a traineeship that commenced prior to, but is still in effect on, 1 December 2002.

More detail on the operation of the new provisions and some examples can be found in Information Bulletin Number 6, available on our website at www.osr.qld.gov.au.

Discrimination Law Amendment Act

The Office of State Revenue (OSR) has also been involved in legislation initiated by other government departments and that generally involve broader government issues. Recently, OSR was involved in the Discrimination Law Amendment Act which received Royal Assent on 13 December 2002. It amends the Duties Act and the *First Home Owner Grant Act 2000*, however, the amendments to these Acts make only minor changes to the location of definitions and do not change the practical operation of the legislation.

The Discrimination Law Amendment Act also amends the *Land Tax Act 1915*. A new definition of 'spouse' will be included in the Land Tax Act which includes de facto couples. The consequence of this amendment is that certain provisions dealing with entitlement to a principal place of residence exemption will be narrowed.

Where land is owned by a trustee, certain conditions must be satisfied before the trustee of the trust is entitled to the principal place of residence deduction. Where a principal place of residence deduction has already been allowed under another provision of the Land Tax Act, a second statutory deduction for a trustee of another trust is disallowed. In determining whether these provisions apply, the relationship between the beneficiaries of the trusts is taken into account. Under the amendments, de facto couples will be included in the relationships. For example, if a trustee of a trust in which one member of a de facto couple is a beneficiary and has received the deduction, the trustee of a trust in which the other member is a beneficiary cannot also claim the deduction.

The amendments made by the Discrimination Law Amendment Act commence on a day to be fixed by proclamation and will apply for the financial year immediately following that date and for all subsequent years. Details of the commencement of these amendments will be advised on the *What's New* webpage.



Self assessors to assess lease duty

OSR will soon require all self assessors to assess certain lease documents in-house, following the successful roll-out in late 2000 of the requirement for self assessors to return stamp certain mortgage and transfer documents. This requirement will relate to simple lease transactions that are currently lodged under the *Duties Act 2001*. The lease assessment process will mirror the existing process of document stamping and lodgement of a weekly or monthly return. Lease documents liable to stamp duty under the *Stamp Act 1894* will not be required to be self assessed.

Information regarding lease duty assessments such as revenue rulings, practice directions and information sheets, is available from the OSR website to assist self assessors to comply with the new initiative. Self assessors can also download the lease duty calculator package which can now be used interactively on the website.

The Client Contact Centre will also provide information regarding lease self assessment, and staff from the Returns Branch will be available to visit self assessors and assist in setting up processes and systems to facilitate the change. It is anticipated that the initiative will commence in early 2003. Self assessors will be individually contacted once a final decision on the commencement date has been made.

If you have any queries regarding this initiative, please contact Bob England on 3227 6420.

Land Tax update

As from 1 January 2003 the new fee for an Application for a Land Tax Clearance Certificate is \$26.00. Our clients are asked to ensure all future cash and cheque payments, for land tax clearance applications lodged directly with the Office, reflect this new cost.

To assist with the completion of the Application for a Land Tax Clearance Certificate, the application may be completed online from 1 March 2003. OSR endeavours to process clearance certificate applications within a four day service standard.

To facilitate Internet users to lodge land tax clearance applications, CITEC CONFIRM provides easy access and online billing at a reduced cost from manual lodgements. To take advantage of this service, please call CITEC CONFIRM Hotline on (07) 3222 2700 or 1800 773 773 (from outside the Brisbane metropolitan area) or visit their website at www.confirm.com.au.





Educational Audit Program

As advised in the previous edition, OSR is currently conducting an educational audit program of self assessors registered under the *Duties Act 2001* to assist in identifying any problems that may be occurring. The program commenced in September 2002, and there has been a gradual increase in the number of audits completed each month.

Audits have been conducted on a range of clients including credit unions, building societies, banks, legal firms and agents both in the Brisbane CBD and in the regional areas (Rockhampton, Townsville and Cairns). Apart from the issues identified below, the majority of the clients are handling their responsibilities well.

The next three month phase of the program, commencing in January 2003, will concentrate on the audits of the larger firms, major banks and finance companies. These organisations are based in a range of locations including the Gold Coast and Sunshine Coast as well as interstate locations such as Melbourne, Sydney and Adelaide.

The last three months of the program will again focus on and target our smaller clients.

Number of audits conducted

Since September 2002, the project teams have completed 72 audits in the Brisbane CBD and regional areas.

Problem areas encountered

Transfer Duty

Audits include a review of transfer duty for businesses, leases and conveyance transactions processed via return. Here are the main issues found.

Technical

1. Incorrect application of the aggregation provisions of the Duties Act.
2. Incorrect payment of duty on the GST component of certain contracts.
3. Exclusion of furniture packages in off the plan investment purchases.
4. Incorrect application of the first home concession where a half share (or less) is acquired and there is an element of gift, or the consideration exceeds \$160,000.
5. Incorrect application of Revenue Ruling 28 where there are related or associated parties and confirmation of value is required. The ruling requires evidence of three comparable sales to support the valuation.
6. Incorrect calculation of home concessions.
7. Incorrect calculation of Unpaid Tax Interest (UTI). Particular difficulties identified in determining the correct liability date from which interest is payable.



Educational Audit Program (continued)

Process

1. Copies of fully executed, relevant approved forms are required for audit trail purposes, particularly Form 2.1 where home concessions are claimed. For all concessional claims the Form 2.1 should be retained to support the concessional claims of duty.
2. Actual liability date not included on the transaction schedule. Difficulties with interpreting and understanding the liability date or what the liability date is.
3. Copies of the Contract of Sale/Transfer documents are not kept on file.
4. The UTI calculation sheet is not kept on file to support UTI payments where applicable.
5. No copy of valuations kept on conveyancing file.

Mortgage duty

Audits focus on mortgage duty transactions processed via returns.

Technical

1. Assessment of multi-jurisdictional mortgages.
2. Calculation of concessions.
3. Application of credit business duty.
4. Application of UTI.
5. Use of interim securities e.g. 'set-off' agreements over term deposits.

Process

6. Audit trail – limited information and documentation retained by 'third party' self assessors.
7. Use of approved forms.
8. Notation of documents.
9. Use of OSR website.

Outcomes

As part of the program a client survey questionnaire is provided at the completion of the visit. To date our survey results indicate that the majority of self assessors visited are very satisfied with the Self Assessor Educational Audit Program. In particular, clients have been pleased with the focussed, personalised education tailored to suit their needs and the fact that no penalties have been applied in respect of any genuine errors found as a result of the audit.

Future action

Those transfer duty taxpayers that have not been visited will be required to undertake a self audit concentrating on the problem areas outlined and will be offered education if they require assistance. Any issues identified through the self audit process will not have penalties applied where those findings are voluntarily disclosed before 30 June 2003.



Have you changed your address?

To update your details please contact OSR via
email - communication@osr.treasury.qld.gov.au or fax (07) 3836 0442.
Please quote the reference number on the envelope you received this
edition in.

Access Queensland

The Queensland Government has recognised the need to present a customer-focused view of information to help customers access the online services they want without needing to understand the complexities of government.

As a result, in October 2001 Cabinet endorsed a strategy for the progression of agency websites to become part of a collaborative and integrated system of service provision.

In order to implement this strategy, an Access Queensland Group has been established within OSR. The group is currently reviewing existing OSR webpages and converting information into a new design which complies with the whole-of-government standards for the presentation, storage and exchange of information.

The Access Queensland initiative aims to provide the Queensland public with a single point of access for government transactions, information or referrals.

It is anticipated that the OSR website will be converted in July 2003. If you have any suggestions or comments regarding the website, please email websiteadmin@osr.treasury.qld.gov.au.



Members of the Access Queensland Project Group

INTERNET SUBSCRIPTION SERVICE

OSR offers a free subscription service that automatically notifies subscribers via e-mail of changes to OSR's website including new rulings, practice directions and other publications.

If you wish to register to receive automatic notification, send a blank email (subject and body not required) to whatsnew-subscribe@osr.qld.gov.au.

You will receive a confirmation message which you must reply to. Once acknowledged a welcome message will appear in your mailbox as confirmation of your subscription.





Recently released revenue rulings

Revenue Rulings (Duties)

DA 14.2	02/12/02	Transfer Duty – Cancelled Agreements
DA 16.2	06/01/03	Private Rulings on Unexecuted Instruments or Proposed Transaction

Revenue Rulings (Pay-roll tax)

PY 2.3	06/01/03	Exclusion From Grouping – Related Corporations, Commonly Controlled Businesses, Head and Branch Businesses, Smaller Groups Subsumed into Larger Groups
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Revenue Rulings (Stamp Duty)

SD 4.3	06/01/03	Private Rulings on Unexecuted Instruments
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Revenue Rulings (Land Tax)

LT 1.1	06/09/02	Meaning of “Held for Sale” in Section 3CA(1)(d) of the <i>Land Tax Act 1915</i>
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Recently released practice directions

Practice Directions (Duties)

DA 13.2	23/12/02	Treatment of Transfers of Land Which are not Registered
DA 24.2	06/01/03	Signing of an Approved Form by a Person Other Than the Specified Party
DA 38.3	22/01/03	Securitisation Transactions
DA 41.2	22/01/03	Transfers of Secured and Unsecured Debts
DA 51.1	25/11/02	Liability to Duty of Parties to a Transaction to Which the State is a Party
DA 55.1	04/11/02	Correcting an Error in a Previous Transfer
DA 56.2	03/12/02	Calculation of Hire Duty by Commercial Hirers
DA 58.1	06/01/03	Transfer Duty Relief – Incorporation of Certain Associations

Practice Directions (First Home Owner Grant)

FHOG 8.1	06/09/02	The Eligibility of Sublessees and Sub-sublessees of Certain Crown Leasehold Land for the First Home Owners Grant
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All OSR practice directions and revenue rulings are available on our website
www.osr.qld.gov.au.

Contact Directory

OFFICE HOURS

8.00 am - 5.00 pm	Client Contact Centre
8.00 am - 5.00 pm	Counter Services
8.30 am - 4.30 pm	Cashiers - Brisbane
8.00 am - 4.00 pm	Cashiers - Regional

REGIONAL OFFICES

Rockhampton

General Address:	Level 3, State Government Building 209 Bolsover Street, Rockhampton
Postal Address:	PO Box 1276, Rockhampton Qld 4700
Telephone:	1300 300 734
Facsimile:	(07) 4938 4912

Townsville

General Address:	Level 1, State Government Building 187-209 Stanley Street, Townsville
Postal Address:	PO Box 988, Townsville Qld 4810
Telephone:	1300 300 734
Facsimile:	(07) 4721 1976

Cairns

General Address:	Level 9, Cairns Corporate Tower 15 Lake Street, Cairns
Postal Address:	PO Box 2378, Cairns Qld 4870
Telephone:	1300 300 734
Facsimile:	(07) 4031 2170

BRISBANE OFFICE

Address:	Level G2 200 Mary Street, Brisbane
General Postal Address:	GPO Box 2593 Brisbane Qld 4001
Email:	enquiries@osr.treasury.qld.gov.au

DUTIES

Client Contact Centre

Postal Address:	GPO Box 2593 Brisbane Qld 4001
Telephone:	1300 300 734
Facsimile:	(07) 3836 0903
Email:	ClientContactCentre@osr.treasury.qld.gov.au

Duty Returns (Brisbane Registrations)

Postal Address:	GPO Box 2475 Brisbane Qld 4001
Telephone:	1300 300 734
Facsimile:	(07) 3227 7871
Email:	returns@osr.treasury.qld.gov.au

LAND TAX

General Land Tax

Postal Address:	GPO Box 2476 Brisbane Qld 4001
Telephone:	1300 301 547 (07) 3227 6044
Facsimile:	(07) 3227 7577
Email:	landtax@osr.treasury.qld.gov.au

Land Tax Clearances

Telephone:	1300 301 548 (07) 3227 6039
Facsimile:	(07) 3227 6783

PAY-ROLL TAX

Postal Address:	GPO Box 2248 Brisbane Qld 4001
Telephone:	1300 301 546 (07) 3227 8903
Facsimile:	(07) 3227 6822
Email:	payrolltax@osr.treasury.qld.gov.au

FIRST HOME OWNER GRANT

Postal Address:	GPO Box 2593 Brisbane Qld 4001
Telephone:	1300 300 118 (07) 3404 3956
Facsimile:	(07) 3227 8292
Email:	firsthomeownergrant@osr.treasury.qld.gov.au

DEBITS TAX

Postal Address:	GPO Box 2475 Brisbane Qld 4001
Telephone:	1300 300 734
Facsimile:	(07) 3227 7871
Email:	debitstax@osr.treasury.qld.gov.au

FUEL SUBSIDY

Postal Address:	GPO Box 953 Brisbane Qld 4001
Telephone:	1800 814 657
Facsimile:	(07) 3227 8769
Email:	fuelsubsidy@osr.treasury.qld.gov.au

INVESTIGATIONS

Postal Address:	GPO Box 955 Brisbane Qld 4001
General enquiries:	3227 6177
Informant line:	3227 8704
Facsimile:	(07) 3227 7706

Website: www.osr.qld.gov.au

Client Contact Centre: 1300 300 734

Rev-Q-Fax: 1300 300 089

Client Complaints: 1800 500 263