



# Revenue *Office of State Revenue* Queensland

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## OSR on the move

Investigations program  
update

Recently released  
revenue rulings and  
practice directions

Information on  
home concessions

Fuel Subsidy  
Scheme update

Website update

Contact directory



# From the Executive Director



As you've probably noticed by now there are a couple of new developments that have taken place since last time you heard from us. First, and most obviously, our client publication formerly known as *Rev-Q-News* has received a new title — *Revenue Queensland* (RO). We have improved the publication to make it more interesting and relevant for you and I hope that as you read through this edition you'll agree.

The other significant development that is occurring as we speak is illustrated on the front cover. In mid 2004 the Office of State Revenue (OSR) will be relocating to a brand new State Government-owned building at 33 Charlotte Street. We are excited about our move to the new premises and are currently carefully planning and organising the transition to the new building to ensure that services and accessibility continue to meet our high standards.

In this new look edition we will provide you with details of our Investigations program for the 2003-04 financial year so that you or your clients are aware of any potential problems in advance. We will also be clarifying some issues in relation to concessional rates of duty that apply for residential homes purchased in Queensland.


For our fuel subsidy clients we have included an article detailing the concept of advance payments and some of the conditions that apply to this arrangement. We have also recently developed an email subscription service to keep you up-to-date with the latest releases on the Community Ambulance Cover website.

The results of the 2002-03 OSR Client Satisfaction Survey have now been finalised and released. This year's survey was revised significantly from those conducted in previous years to improve the effectiveness and value of the survey. Client services were surveyed across each of OSR's different business areas/lines.

The overall client satisfaction result for 2002-03 was 76.8% exceeding the target of 70% as well as exceeding the results of all previous surveys conducted by OSR. The regional offices top scored with a satisfaction result of 84.02%. Other areas that performed well in terms of overall satisfaction were First Home Owner Grant — Financial Institutions (82.71%), First Home Owner Grant — Private Persons (82.49%), Land Tax Clearances (81.63%) and Fuel Subsidy Compliance (81.00%).

The Client Contact Centre — established to assist with the implementation of the *Duties Act 2001* and the *Taxation Administration Act 2001* — has proved to be a success with our clients. Those clients surveyed who have used this service responded with a 79.96% satisfaction rating. This is encouraging as OSR moves to expand this service across other revenue lines.

The results of the survey will now be examined and dealt with at both a corporate and a divisional level. At the divisional level, the survey has been distributed to managers and staff so that business areas can establish what the survey results mean for their area and capitalise on the lessons which can be learnt from the survey outcomes. At the corporate level, a sub-group has been formed to discuss and plan service improvement initiatives based on the survey findings. Once finalised, these initiatives will then be rolled-out to, and actioned by, the divisional areas of OSR.

Revenue Queensland is just part of our commitment to effectively communicating with you and providing the right information for you to meet your obligations and receive your entitlements. 

James Green  
Executive Director



# New location for OSR

The Office of State Revenue (OSR) will be relocating to a new State Government-owned building located at 33 Charlotte Street in early to mid 2004.



This building will see the co-location of five Queensland Treasury divisions in one building, creating opportunities to work together more closely, improve sharing of information and achieve efficiencies through common services. The move will also allow OSR to vacate its current privately-owned building.

The 33 Charlotte Street building will continue to provide clients with easy access to our services and facilities in the Brisbane CBD. It will allow us to improve and expand our client services in a new, modern facility. OSR's Brisbane Service Centre will be located in the upper plaza of the new building.

We learned a lot in 1997 when we relocated from the old Anzac Square premises to our current location at 200 Mary Street and we will be calling on these experiences to effectively facilitate the move to 33 Charlotte Street.

Detailed planning work has been underway to ensure that clients' needs and expectations will continue to be met by the new service centre. Project teams are liaising with OSR business areas to identify business peaks and troughs to ensure that there is minimal disruption to everyday business during our relocation and that the continuity of our service and accessibility will not be affected.

We will continue to advise you on a regular basis through updates in *Revenue Queensland*, on our website and in writing as we get closer to the relocation date.



## Recently released revenue rulings

### Revenue rulings (Duties)

DA 33.1	12/08/2003	Hire duty – relevant factors in determining whether a person is carrying on a hiring business
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## Recently released practice directions

### Practice directions (First Home Owner Grant)

FHOG 10.1	26/08/2003	Residence requirement
FHOG 7.1	04/08/2003	Timing of application for the First Home Owner Grant
FHOG 6.1	04/08/2003	Conversion of non-residential premises to a home
FHOG 5.1	04/08/2003	The meaning of 'home'

### Practice directions (Duties)

DA 1.2	29/07/2003	Adjudication fees (replaces DA 1.1)
DA 63.1	29/07/2003	Mortgage duty – charge over deposit monies



# Investigations program targets non-compliance

The Office of State Revenue (OSR) is committed to informing and assisting taxpayers in relation to their State taxation obligations. Taxpayers who choose not to comply can expect OSR to enforce payment of the correct amount of tax.

OSR's Investigations Division conducts an extensive investigation program each financial year to ensure compliance with administered legislation. The program planned for 2003-04 includes several projects outlined below.

## *Pay-roll Tax*

- New registrations – employers who have recently registered for pay-roll tax. Visits will include an educational component where the employer's obligations under the legislation will be outlined, and an audit aspect where the wages figures supplied for taxation purposes will be verified.
- Non registrations
- Grouping
- Interstate employers. This project will involve liaison with other state revenue offices throughout Australia. Compliance information gathered in relation to interstate businesses will be exchanged and investigated to ensure a cohesive approach to the management of state taxation.
- Other areas such as employee/contractor issues

## *Duties*

- Registration for credit business duty and/or mortgage duty
- Calculation and payment of credit business duty
- Multiple contracts – Section 30 *Duties Act 2001*
- Related party transactions – undervaluations
- Avoidance schemes and emerging issues
- Sales of national businesses and valuations of goodwill
- Transfer of Queensland business assets
- Late lodgement of returns by self assessors
- Large commercial transactions
- Transfer duty – inclusion of GST component
- Home concessions

## *Debits tax*

- Ensuring that debits tax is being correctly calculated by financial institutions.

OSR utilises several methods for case selection including computer data analysis and intelligence research. If you have any doubts as to whether you or your clients should be paying State taxes or whether the correct amount of tax has been paid, please contact OSR. (see contacts list on back page)

OSR rewards voluntary disclosures with a substantially lower penalty rate. 



# Transfer duty concessions for homes — conditions apply

In the current buoyant real estate market, a large number of properties have been changing hands more frequently than usual or rented out soon after purchase. If a property was purchased as an investment or holiday home, the full rate of transfer duty should have applied to the purchase, so that the resale or lease of the property would not trigger a reassessment of the transfer duty on the initial purchase.

However, if a home transfer duty concession was claimed when the property was acquired, the purchaser must comply with the concession conditions to avoid a reassessment. It is therefore timely to remind our clients of the conditions.

The basic rule is that the concession is available if the purchaser occupies the home as their principal place of residence within one year of becoming entitled to possession of the property.

The concession is usually claimed prior to settlement of the purchase and in anticipation of the purchaser meeting the conditions in future. Consequently, it can be lost, either totally or partially, due to subsequent events.


The concession will be totally lost in the following cases:

- The purchaser fails to move into the home within the one year period. (The only exceptions are where the failure is due to a natural disaster or the death or incapacity of the purchaser.)
- Before moving in, the purchaser sells, leases or grants exclusive possession of the home within the one year period. However, an existing tenancy (which is not extended) or a lease back to the previous owner is permissible if they do not exceed six months from date of possession.

While there is no minimum period of occupation as a principal place of residence, the shorter the period, the more difficult it may be for the purchaser to establish that the property was occupied as a principal place of residence. Also, the concession will be partially lost if the purchaser moves into the home within the one year period as their principal place of residence but then sells, leases or grants exclusive possession of the home within one year of moving in.

Where the concession has been obtained but is subsequently totally or partially lost (by not moving in or by a sale, lease or grant of exclusive possession), the purchaser must notify the Commissioner within 28 days of the event which triggers loss of the concession so that duty can be reassessed. To do this, a *Form 2.4 Reassessment – Home Transfer Concession* must be completed and lodged with the original stamped documentation on which duty was paid.

The Office of State Revenue has an active investigation program to ensure compliance with the home transfer duty concessions. Significant penalties apply for failing to notify the Commissioner that the concession has been lost.

For further information, please contact the Office of State Revenue Client Contact Centre on 1300 300 734 or visit the OSR website: [www.osr.qld.gov.au](http://www.osr.qld.gov.au) 

## Rev-Q-Fax no longer available

We recognise that it is important for you to have up-to-date information on State taxes, grants and subsidies. We also aim to provide that information cost-effectively and in a useful format.

With this in mind, the OSR faxback service, Rev-Q-Fax, has ceased from 1 November 2003. All information previously available on Rev-Q-Fax can be obtained by contacting our Client Contact Centre on 1300 300 734 or from our website: [www.osr.qld.gov.au](http://www.osr.qld.gov.au)



# Reminder to retailers: fuel subsidy payments contain advance payments

The payment of fuel subsidy in advance to retailers can have an impact on retailers who cease operations entirely or cease to trade at a site.

The first advance payment under the current Queensland Fuel Subsidy Scheme was made in late November 2000 and was designed to fund retailers for the subsidy element of their December 2000 fuel purchases. This payment was based on an estimate of subsidy entitlement using past sales data.

Similarly, the second advance payment, in late December 2000, was designed to fund retailers for the subsidy element of their January 2001 fuel purchases.

The third advance payment, made in late January 2001, not only contained the advance payment for February but also included an adjustment for the difference between the estimate and actual entitlements for December 2000. This process has continued until the present.

New entrants since December 2000 have been treated in the same manner as above in that they receive two advance payments before a reconciliation of entitlements is undertaken.

It follows that a licensed fuel retailer who ceases operations has two advance payments that need to be reconciled to actual sales.

Many retailers may not realise that the monthly fuel subsidy payments of 8.4 cents per litre they receive consist partly of an advance payment for the following month. The advance payment is designed to offset the cost of fuel purchases made during the following month.

A retailer who ceases trading at a site potentially has a liability to repay subsidy paid in advance.


Retailers can minimise the risk of having to repay subsidies by advising OSR, as early as possible, of their intention to cease operating a site in the future. This advice must be given to OSR no later than the 21st of the month in which they intend to cease trading at a retail site. In these circumstances the payment to be advanced for the following month will be withheld. A liability to OSR, or a further payment from OSR, may still be outstanding. This will depend on the reconciliation of entitlements, calculated on actual sales, with the advance payments made.



Alternatively, retailers contemplating cessation can request their advance payments be reduced, even to a nil amount in which case they would be paid the subsidy in arrears based on actual sales.

Retailers who are liable to repay any subsidies are requested to contact OSR to make appropriate arrangements. Recovery action will be taken for overpaid subsidies.

## Review of advance payments

A regular review of retailer claims is carried out. Retailers, whose recent pattern of claims indicates a review of the advance payment is necessary, are contacted to determine a more realistic advance payment. This practice ensures an appropriate level of provisional subsidy is paid and minimises the liability of retailers to repay subsidies when they sell their businesses, or cease to trade for other reasons. 

## More information

Queensland Fuel Subsidy Scheme  
Telephone: 1800 814 657  
Fax: (07) 3227 8796  
Postal address: GPO Box 953  
Brisbane Qld 4001  
Email: [fuelsubsidy@osr.treasury.qld.gov.au](mailto:fuelsubsidy@osr.treasury.qld.gov.au)



# Website update

The Office of State Revenue's website is the best way for you to access information and keep you up to date.

## New version of duties calculators

OSR has updated the duties calculators. Some of the improvements include:

- correction of problems experienced by clients using Internet Explorer 5.0
- correction of rounding errors
- simplified download and installation procedures.

In addition to the above enhancements, the online help that is available has been updated and made more user friendly. The new version of the calculators is v.2.1.2 and can be accessed from our website.

## Online land tax forms now available

OSR is committed to assisting you to meet your tax obligations simply and effectively. To further this commitment, many of our land tax forms can now be completed online.

## Important issues for self assessors including changes to payment arrangements

From 1 November 2003, payment of any self assessment transaction will be required to be paid by clear funds, that is, bank cheque or solicitor's trust account cheque. Private cheques will only be accepted for amounts less than \$100. Self assessors also need to be clear on several other issues including:

- stamping notations (transfer duty)
- liability date for transfer transaction
- when to lodge a transfer transaction
- the new *Form 12.3 – Return for Self Assessors*.

For more information see our flyer, *Important issues for self assessors*.

## Land Tax Amendment Act 2003

The *Land Tax Amendment Act 2003* received Royal Assent on 27 August 2003. This Act amended the *Land Tax Act 1975* in accordance with measures announced in the 2003-04 State Budget. The changes, which take effect for the 2003-04 and later financial years, were outlined in Issue 16 of *Rev-Q-News*. They are also posted on our website: [www.osr.qld.gov.au](http://www.osr.qld.gov.au)

A copy of the Act and Explanatory Notes for the *Land Tax Amendment Bill 2003* is available from the Office of Parliamentary Counsel website: [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)

## Website subscription services

To keep up to date with the latest news about OSR via email, you can join our subscription services. The following subscriptions are available:

### What's new ([whatsnew-subscribe@osr.qld.gov.au](mailto:whatsnew-subscribe@osr.qld.gov.au))

Find out immediately about new information that is published to our website.

### Calculators ([calculator-subscribe@osr.qld.gov.au](mailto:calculator-subscribe@osr.qld.gov.au))

By registering with this subscription, frequent users of OSR duties calculators can receive automatic notification of upgrades.

### Community Ambulance Cover ([ambulance-subscribe@osr.qld.gov.au](mailto:ambulance-subscribe@osr.qld.gov.au))

By subscribing to this service, you will be kept up-to-date with the latest releases on the Community Ambulance Cover website: [www.ambulancecover.qld.gov.au](http://www.ambulancecover.qld.gov.au)

If you wish to subscribe to any of the OSR subscription services, send a blank email (subject and body not required) to the email address listed.



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