

Property Alert August 2010

The New Torrens Assurance Levy in NSW

Under the *State Revenue Legislation Amendment Act 2010* (NSW) there is now an additional Torrens Assurance Levy paid on an Ad Valorem sliding scale according to price. This levy is payable by Purchasers in relation to registration of transfers of land. This new levy applied from 1 July 2010 and will affect all property types including residential, commercial and rural.

The Levy was introduced as a means of collecting revenue for the Torrens Assurance Fund which is used to compensate landowners who suffer loss due to fraud or error in title registration.

How will the levy be calculated?

This levy will only apply if the purchase price is more than \$500,000 and is calculated according to the value of the property.

The levy comprises two parts, firstly a \$4 lodgement fee and then an additional 'ad valorem' (according to the value) component.

The ad valorem component will be calculated according to the purchase price of the property:

1. For transfers where the purchase price is more than \$500,000 but less than \$1m the levy is 0.2% of the amount by which the purchase price exceeds \$500,000; and
2. For transfers where the purchase price is more than \$1m, the levy is \$1000 plus 0.25% of the amount by which the purchase price exceeds \$1m.

| Purchase price | Basic levy | Ad valorem levy | Total levy |
|----------------|------------|-----------------|------------|
| \$500,500 | \$4 | \$1 | \$5 |
| \$550,000 | \$4 | \$100 | \$104 |
| \$600,000 | \$4 | \$200 | \$204 |
| \$750,000 | \$4 | \$500 | \$504 |
| \$1m | \$4 | \$1,000 | \$1,004 |
| \$5m | \$4 | \$11,000 | \$11,004 |
| \$10m | \$4 | \$23,500 | \$23,504 |

Exemptions

- All transactions, other than transfers of land, are exempt from this levy;
- Land transfers for \$500,000 or less;
- Transfers where the purchase price is below \$500,500 (as the levy would be less than \$1); and
- Gifts of land made for no consideration.

Penalties

When a Purchaser fails to pay this levy, the Registrar General is able to request the Chief Commissioner of State Revenue to take action for recovery of unpaid/underpaid levies.

This levy is in addition to stamp duty payable to the Office of State Revenue on dutiable property in NSW.

If you have any queries or require assistance in relation to this matter please contact a member of the NSW Property team.

For further information, please contact:

David Beer

Partner

+61 8 8236 1125

dbeer@thomsonslawyers.com.au

Tom Boyce

Partner

+61 2 9020 5710

tboyce@thomsonslawyers.com.au

Melinda Graham

Partner

+61 2 8248 3410

mgraham@thomsonslawyers.com.au

Peter Grinter

Partner

+61 2 9020 5753

pgrinter@thomsonslawyers.com.au

Eu Ming Lim

Partner

+61 3 8080 3606

elim@thomsonslawyers.com.au

Sian Rees

Partner

+61 8 8236 1356

srees@thomsonslawyers.com.au

Julian Peters

Consultant

+61 2 8248 3445

jpeters@thomsonslawyers.com.au

Sarah Aitken

Special Counsel

+61 2 8248 3430

saitken@thomsonslawyers.com.au

www.thomsonslawyers.com.au