

Another NSW state tax on the transfer of real property

Sandie Chitty, Truman Hoyle Lawyers

Up to 30 June 2010, the registration fee payable to the Land and Property Management Authority (previously the Land Titles Office) for the transfer of a property in New South Wales - residential, commercial or rural - irrespective of the purchase price was \$190.

After 30 June 2010 every purchaser of property in New South Wales over \$500,000 will, in addition to the registration fee of \$190, pay to the Land and Property Management Authority ad valorem duty on the registration of a transfer under section 46 of the *Real Property Act 1900* (NSW). Properties purchased for less than \$500,000 will still only be subject to the flat registration fee of \$190.

Ad valorem means “according to value”. The component is a two tier, sliding scale of cost. The duty is calculated as follows:

- For property purchases between \$500,000 - \$1million = 0.2% of the purchase price + \$190; and
- For property purchases \$1 million and over = \$1,190 + 0.25% of the purchase price over \$1million.

As an example as from 1 July, 2010 a purchaser of real property in New South Wales for \$1.5 million will pay ad valorem duty to the Land and Property Management Authority on the registration of the transfer of \$2,250, as well as stamp duty to the Office of State Revenue of \$68,000.

The Land and Property Management Authority duty is not payable where the change in ownership is pursuant to deceased estates or orders of the Court (such as orders relating to divorce, or bankruptcy).

From the writer’s perspective this additional duty will have a negative effect on the property market. It will affect the bottom line for investors and developers and will increase costs for the average person purchasing their home.

Sandie Chitty
Conveyancer
Truman Hoyle Lawyers
schitty@trumanhoyle.com.au

Tel: (02) 9226 9888
Fax: (02) 9226 9899

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