

STAMPS BILL 1973.

EXPLANATORY MEMORANDUM.

Clause 1.—Title and Commencement.

Provision is made to allow separate sections to operate from different dates.

Clause 2.—Cheques &c.

This clause increases the duty on cheques, orders to pay and other bills of exchange payable on demand from 6c. to 7c. It also contains a number of transitory provisions for cheques already printed when the rate of duty is increased. These are similar to the provisions in the 1971 Act (No. 8157) under which duty on cheques was last increased.

Clause 3.—Transfers &c. of Real Property.

This clause increases the rate of duty on transfers and conveyances of real property by way of sale and on instruments effecting the partition of real property where any consideration is given for equality. There is no increase in the rate where the consideration does not exceed \$40,000.

Sub-clause (4) is a transitory provision which applies the new rates to instruments of this nature coming to the Stamps Office after the commencement of the section irrespective of the date of any such instrument. This corresponds with a similar provision contained in the 1971 Act (No. 8157) when these rates were previously increased.

Clause 4.—Settlements and Gifts.

The existing rates for deeds of settlement and gift are the same as the rates for transfers and conveyances on sale of real property. This clause increases the rates on settlements and gifts to the same as the new rates on transfers and conveyances on sale.

Clause 5.—Powers of Attorney.

The duty on the common type of power of attorney is increased by this clause to \$5 being the same duty proposed in clause 12 for various types of instruments, such as caveats, and transfers and discharges of mortgages, and in clause 13 for deeds.

Clause 6.—Non-life Insurance Business.

This clause increases the rate of duty payable by licensed insurers from 6 per cent. to 7 per cent. of the premium income received.

Clause 7.—Life Insurance Business.

By this clause the rates of duty chargeable on the amount insured under a policy of life insurance are increased.

Clause 8.—Instalment Purchase (Hire Purchase &c.)

This clause increases the rate of duty on these agreements from 1·8 per cent. to 2·1 per cent. It is necessary to have these rates in line with those for credit and rental duty (see clause 14). Under credit and rental duty the rate must be exactly divisible by twelve to allow for short term transactions where the monthly rate is one-twelfth of the full rate.

Clause 9.—Easements.

This clause increases the duty on creations and surrenders of easements to \$5 being the same amount as that proposed for powers of attorney, various instruments and deeds.

Clause 10.—Motor Vehicles.

Sub-clause (a) increases the duty on applications for registration and notices of acquisition of motor vehicles from \$3 to \$4 for every \$200 or part of \$200 of the market value.

Sub-clause (b) exempts the transfer of the family motor car to a deceased person's widow where she is entitled to that car as a beneficiary.

Clause 11.—Mortgages.

For mortgages bonds debentures and covenants up to \$8,000 the rate of duty remains unchanged from its present level of \$4. For higher amounts the rate of duty is increased by 10 cents per \$200 or part of \$200 of the amount secured.

Sub-clause (1) amends the rate in the Third Schedule while sub-clauses (3), (4) and (5) make the necessary amendments to the rate in the Act itself.

Sub-clause (2) is a transitory provision which ensures that mortgages &c. duly stamped at the old rate are still good security to the extent of the duty then paid.

Sub-clause (6) relates to the payment of duty on public borrowings by corporations and applies the new rates to the annual returns which these corporations have to submit to the Stamps Office.

Clauses 12 and 13.—Various Instruments and Deeds.

These two clauses were referred to in the explanation of clause 5.

Clause 14.—Credit and Rental Business.

Sub-clause (1) (a) increases the rate of duty from 1·8 per cent. to 2·1 per cent. on this type of business. In the case of short term transactions the monthly duty is proportionately increased from ·15 per cent. to ·175 per cent. (see also clause 8).

Sub-clause (1) (b) is transitory. Sub-paragraphs (i) to (iv) provide for continuation of the existing rate of duty in relation to credit business transactions entered into and to rentals received before the new rates take effect. Sub-paragraph (v) continues the existing rate in relation to rentals received on or before 31st December, 1975 in respect of rental business entered into between 1st January, 1972 and the date from which the new rates operate. This is similar to a provision contained in the 1971 legislation and it removes any retrospective operation of the new rates in relation to existing agreements.

Sub-clause (2) (a) makes a consequential amendment to section 131AF which deals with the stamping of notes or memoranda to be prepared by persons who transact certain types of credit or rental business with unregistered persons. The duty payable on these documents is also increased from 1·8 per cent. to 2·1 per cent.

Sub-clause (2) (b) makes provision for the duty payable annually on these notes or memoranda in respect of rental business. On amounts paid before the commencement, duty will still be payable at the old rate of 1·8 per cent., but on amounts subsequently paid at the proposed new rate of 2·1 per cent.

Clause 15.

At present the obligation imposed on Victorian sharebrokers to pay stamp duty on their weekly returns applies to transactions in marketable securities listed on "a recognized stock exchange". This term is not defined in the Act and is taken to mean a stock exchange in any part of the world. This means that a Victorian broker who arranges a sale or purchase of, say, shares in an English company is liable to pay Victorian duty if the company's shares are listed on any exchange in the United Kingdom. This is so even though the company itself may have no association whatever with Victoria or any other State of the Commonwealth. This duty would, of course, be in addition to any other duty or tax payable on the transfer in the place of incorporation of the company or where the relevant share register is held.

The purpose of the amendment to section 60A (2) of the Act made by clause 15 is to restrict a broker's liability to securities listed on Australian exchanges.

