

# Impact Analysis Statement

## Summary IAS

### Details

Lead department	Queensland Treasury
Name of the proposal	Revenue and Other Legislation Amendment Bill 2024
Submission type	Summary IAS
Title of related legislative or regulatory instrument	Revenue and Other Legislation Amendment Bill 2024
Date of issue	5 June 2024

### Summary

This IAS is for a range of amendments to revenue legislation administered by the Commissioner of State Revenue to implement 2024-25 Budget measures and to make other necessary amendments to revenue legislation. Of the 7 measures contained in the Revenue and Other Legislation Amendment Bill 2024 (Revenue and Other Legislation Amendment Bill), 6 do not require further impact analysis. The 7 measures contained in the Revenue and Other Legislation Amendment Bill are:

- **Increase in the first home and first home vacant land concession thresholds and values at which they phase out:** amendment of the *Duties Act 2001* to increase the thresholds for the transfer duty concessions available to eligible first home buyers from \$500,000 to \$700,000 (phasing out at \$800,000) for the first home concession and from \$250,000 to \$350,000 (phasing out at \$500,000) for the first home vacant land concession, for transactions entered into from 9 June 2024 (inclusive);
- **Increase in the rate of additional foreign acquirer duty:** amendment of the *Duties Act 2001* to increase the rate of the duty surcharge applying to foreign persons acquiring (directly or indirectly) certain residential land in Queensland from 7 per cent to 8 per cent from 1 July 2024;
- **Increase to the land tax absentee surcharge:** amendment of the *Land Tax Act 2010* to increase the land tax surcharge applying to absentees from 2 per cent to 3 per cent from 30 June 2024;
- **Increase to the land tax foreign surcharge:** amendment of the *Land Tax Act 2010* to increase the land tax surcharge applying to foreign companies and trustees of foreign trusts from 30 June 2024;
- **Extension of payroll tax rebate for apprentice and trainee wages:** amendment of the *Payroll Tax Act 1971* to extend the 50 per cent payroll tax rebate for wages paid or payable to apprentices and trainees for a further year, until 30 June 2025;
- **Introduction of a wage threshold for the payroll tax regional rate discount:** amendment of the *Payroll Tax Act 1971* to introduce a threshold, based on an employer's annual taxable wages, for the 1 per cent payroll tax rate discount for regional employers from 1 July 2024; and
- **Increase to the amount of the First Home Owner Grant:** amendment of the *First Home Owner Grant and Other Home Owner Grants Act 2000* to clarify that the amount of the First Home Owner Grant is \$30,000 for transactions entered into between 20 November 2023 and 30 June 2025 (both date inclusive).

*For proposals noted in table below*



Complete and no further analysis is required.

Proposal type	Details
Regulatory proposals where no RIA is required	<p><i>"The proposal relates to taxation. No regulatory impact analysis is required under the Better Regulation Policy."</i></p> <ul style="list-style-type: none"> <li>• <b>Increase in the first home and first home vacant land concession thresholds and values at which they phase out:</b> the amendments will increase the concession thresholds as well as the values at which they phase out, affecting the calculation of transfer duty for eligible transactions entered into from 9 June 2024 (inclusive).</li> <li>• <b>Increase in the rate of additional foreign acquirer duty:</b> the amendments will increase the rate of additional foreign acquirer duty (AFAD) that is imposed, affecting the calculation of AFAD for relevant transactions where the liability for transfer duty, landholder duty or corporate trustee duty arises on or after 1 July 2024.</li> <li>• <b>Increase to the land tax absentee surcharge:</b> the amendments will increase surcharge rate that applies to land owned by an absentee as at midnight on 30 June 2024. The proposal affects the calculation of land tax for an absentee for the 2024-25 financial year onwards.</li> <li>• <b>Increase to the land tax foreign surcharge:</b> the amendments will increase the surcharge rate that applies to land owned by foreign companies and trustees of foreign trusts as at midnight on 30 June 2024. The proposal affects the calculation of land tax for a foreign company or a trustee of a foreign trust for the 2024-25 financial year onwards.</li> <li>• <b>Extension of the payroll tax rebate for apprentice and trainee wages:</b> the amendments will extend availability of the apprentice and trainee rebate for a further year (i.e. to wages paid or payable during the financial year ending 30 June 2025). As the apprentice and trainee rebate has the effect of reducing an employer's payroll tax amount for the relevant return period, the proposal affects the calculation of payroll tax for the 2024-25 financial year.</li> <li>• <b>Introduction of a wage threshold for the payroll tax regional rate discount:</b> the amendments will introduce a wage threshold as part of the eligibility requirements for the 1 per cent payroll tax rate discount for regional employers. As a result, regional employers that pay taxable wages exceeding the relevant threshold in a period would pay payroll tax at the standard rates for that period, not the discounted rates. The proposal would affect the calculation of payroll tax for such employers, from the 2024-25 financial year onwards.</li> </ul>

\*Refer to [The Queensland Government Better Regulation Policy](#) for regulatory proposals not requiring regulatory impact analysis (for example, public sector management, changes to existing criminal laws, taxation).

**For all other proposals****What is the nature, size and scope of the problem? What are the objectives of government action?****Increase to the amount of the First Home Owner Grant**

The *First Home Owner Grant and Other Home Owner Grants Act 2000* (FHOG Act) provides for payment of a grant for first home buyers who have entered into an eligible transaction which has been completed and who satisfy certain eligibility criteria. An eligible transaction is a contract to purchase or build a new home, or the building of a new home by an owner-builder.

On 19 November 2023, the Queensland Government announced an increase to the First Home Owner Grant (FHOG) amount from \$15,000 to \$30,000 for eligible transactions entered into between 20 November 2023 and 30 June 2025 (both dates inclusive), to provide support for first home buyers in Queensland buying or building a new home.

On 23 November 2023, the then Treasurer and Minister for Trade and Investment approved an arrangement to enable the FHOG Act to be administered on the basis of the increased FHOG amount for relevant eligible transactions, with effect from 20 November 2023 (administrative arrangement). Administrative arrangements are used for Government measures that are beneficial in nature and where the Government wants those benefits to be delivered to recipients immediately.

The administrative arrangement sets out the terms and conditions for payment of the increased FHOG amount and, together with the existing provisions of the FHOG Act, provides the basis for its administration. The terms of the administrative arrangement are published in Public Ruling FHOG000.2.1 *Administrative arrangement-increase to amount of first home owner grant*.

The risk of administering the increased FHOG amount under administrative arrangement and without amending the amount of the grant in the FHOG Act is that the grant amount under the Act currently does not reflect the Queensland Government's decision to increase the amount of the FHOG. While the increase has been publicly announced and is published in the Public Ruling, it is necessary for it to be reflected in the FHOG Act to provide certainty for grant applicants and to ensure the Act is up-to-date.

The FHOG Act contains investigative and enforcement powers. In particular, the Commissioner has the power to require repayment of the FHOG if paid in error and to impose a penalty amount in certain circumstances (e.g. if the applicant gave false or misleading documents). In the absence of legislative amendment, these existing powers ordinarily available to the Commissioner in relation to grants administration under the FHOG Act cannot be readily exercised in respect of applications and decisions made for the increased FHOG amount.

The administrative arrangement contains certain anti-avoidance provisions, including requiring repayment of the grant where an applicant does not comply with a condition of the arrangement. In lodging an application for the increased FHOG, applicants were required to review and agree to the terms and conditions of the administrative arrangement. However, unlike recovery powers that are legislated, if an applicant does not voluntarily repay the grant, any recovery action under the administrative arrangement would be limited to legal proceedings against the applicant for breach of the conditions of the arrangement.

As the FHOG may be paid before certain eligibility conditions, such as occupancy requirements, are satisfied, it is necessary for there to be appropriate revenue protection measures and sanctions in place to facilitate recovery of the grant where an applicant is not entitled to it and to disincentivise non-compliance. This is critical to ensuring the FHOG scheme is operating as intended and the grant is only provided to eligible persons. Without appropriate revenue protection measures, the integrity of this beneficial grant program may be compromised and present a risk to public revenue.

In addition, the FHOG Act contains provisions relating to objections and reviews. In particular, an applicant or former applicant who is dissatisfied with the decision of the Commissioner on an application for the grant, or to require repayment of the grant or payment of a penalty amount, may object to the decision. Further, an objector who is dissatisfied with the Commissioner's decision on objection may apply to the Queensland



Civil and Administrative Tribunal for a review of the decision. However, without legislation, these objection and review rights contained in the FHOG Act would not be available with respect to the increased FHOG amount. If dissatisfied with a decision of the Commissioner with respect to the increased FHOG amount, applicants do not currently have the same avenues available to challenge this decision, as applicants for other grants administered under the FHOG Act.

The objectives of amending the FHOG Act are to:

- provide certainty for applicants in respect of the increased FHOG amount and maintain the currency of the FHOG Act;
- enable the Commissioner to exercise investigative, enforcement and recovery powers under the FHOG Act in respect of applications and decisions for the increased FHOG amount; and
- provide existing objection and review rights to applicants with respect to the increased FHOG amount.

The amendments are intended to operate retrospectively from 20 November 2023, to align with commencement of the administrative arrangement, to ensure the FHOG Act applies in a consistent manner for all applicants who apply for the increased FHOG amount as well as applicants for other grants administered under that Act.

#### **What options were considered?**

The only option identified to address the problem is to amend the FHOG Act to give legislative effect to the administrative arrangement and clarify that the amount of the FHOG is \$30,000 for eligible transactions entered into between 20 November 2023 and 30 June 2025 (both dates inclusive).

Taking no action and continuing to rely on the administrative arrangement is not considered a feasible option as it would not address the problem identified and would maintain the current risk for Government in relation to the integrity of the FHOG scheme.

#### **What are the impacts?**

Under the option to give legislative effect to the administrative arrangement, the FHOG Act will be amended to clarify that the increased FHOG amount applies for eligible transactions entered into between 20 November 2023 and 30 June 2025 (both dates inclusive). The amendments will enable existing investigative and enforcement powers to be utilised by the Commissioner for administering the increased FHOG amount as well as utilise existing objection and review provisions in the FHOG Act to provide applicants for the increased FHOG amount with such rights.

This is the only feasible option as it is the only one that directly addresses the identified problem as described above.

The increase to the FHOG amount, in and of itself, is a change that is beneficial. Clarifying this amount in the FHOG Act will provide certainty for applicants and maintain the currency of that Act. Relevantly, the amendments do not impose any additional requirements or conditions that applicants must satisfy to receive or retain the increased FHOG, which are not already contained in the administrative arrangement and FHOG Act. Further, the Queensland Revenue Office has already been administering the FHOG Act on the basis of the increased FHOG amount, in accordance with the administrative arrangement.

It is not anticipated applicants will be significantly adversely affected by the availability of investigative and enforcement powers for the Commissioner with respect to the increased FHOG amount. These provisions already exist in the FHOG Act and apply consistently to all grants administered under that Act, which includes the FHOG, HomeBuilder Grant and Regional Home Building Boost Grant. Further, these powers are designed to support voluntary compliance, while facilitating recovery of the grant in cases of non-compliance. In this regard, these powers are only exercisable in certain circumstances, such as where the



grant has been paid in error, where an applicant is found not to have met the eligibility criteria or occupancy requirements, or where the applicant makes false or misleading documents or statements.

The availability of objection and review rights with respect to the increased FHOG amount is beneficial for applicants, as it provides a more affordable, timely and accessible way for dissatisfied applicants to challenge a decision by the Commissioner. It will ensure applicants for the increased FHOG amount have the same avenues to challenge a decision, as applicants for other grants administered under the FHOG Act and retrospective operation will mean all applicants are afforded procedural fairness, irrespective of when decisions on their applications are made. The proposed amendments will utilise the existing process and timeframes for lodging objections and reviews, which are well-established under the FHOG Act and apply in relation to all grants administered under that Act.

#### Who was consulted?

Consultation on this measure was not undertaken as the amendment clarifies the amount of the FHOG, and without any change to the policy or how the FHOG is currently being administered (in accordance with the administrative arrangement). It is necessary to ensure the FHOG Act operates as intended and to support grant administration.

#### What is the recommended option and why?

The only feasible option is to amend the FHOG Act to give legislative effect to the administrative arrangement and clarify that the amount of the FHOG is \$30,000 for eligible transactions entered into between 20 November 2023 and 30 June 2025 (both dates inclusive).

This would provide certainty for applicants in respect of the increased FHOG amount and maintain the currency of the FHOG Act. Further, it would ensure appropriate revenue protection measures are in place to protect the integrity of the FHOG scheme and applicants are afforded procedural fairness with respect to the increased FHOG amount.

It is necessary for the amendments to operate retrospectively, to align with commencement of the administrative arrangement, to ensure the FHOG Act applies in a consistent manner for all applicants who apply for the increased FHOG amount.

## Impact assessment

### All proposals – complete:

	First full year	First 10 years**
<b>Direct costs – Compliance costs*</b>	Nil	Nil
<b>Direct costs – Government costs</b>	Nil	Nil

\* The direct costs calculator tool (available at [www.treasury.qld.gov.au/betterregulation](http://www.treasury.qld.gov.au/betterregulation)) should be used to calculate direct costs of regulatory burden. If the proposal has no costs, report as zero. \*\*Agency to note where a longer or different timeframe may be more appropriate.

### Signed

Under Treasurer

Date: 6 June 2024

Deputy Premier  
Treasurer  
Minister for Trade and Investment

Date: 7 June 2024