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NEW SOUTH WALES STATE GOVERNMENT 2005 – 2006 BUDGET

On 24th May 2005 the new New South Wales State Treasurer, Mr Andrew Refshauge, brought down his first state government budget.

The business community found the budget to be disappointing in several key respects. Not the least was the failure of the government to accede to demands to repeal the unpopular state vendor duty (which has not been replicated in any other state). It was also disappointing that the NSW State Government did not make serious in-roads into the repeal of inefficient state taxes, in accordance with the general thrust of the *Inter-Governmental Agreement* and despite the receipt of substantial GST revenues

To add *salt to injury* there has been no indication on when the Government will repeal duties and taxes, which were planned to be phased out on or before 1st July 2005 in accordance with the Inter-Governmental Agreement between the Commonwealth Government and the various State and Territory Governments. In fact, stamp duty on certain insurance policies have been increased and loan security duty has been re-introduced for re-financings over A\$1,000,000.

The Government has decided to re-introduce the land tax free threshold (which was vigorously criticised by small land owners who were brought within the NSW land tax net for the first time during the 2005 land tax year.) The land tax free threshold will stand at \$330,000 for the 2006 land tax year (and there will be no threshold for non-concessional companies and special trusts as was the case in 2004 and previous years.)

The State will continue to lag other states whilst the vendor duty remains in place and this will unfortunately prolong the apathy in new investment.
