



30 Days Series 2 by Zhang Kaihui

---

# 2023-24 VICTORIAN BUDGET MEASURES

---

KING&WOOD  
MALLESONS  
金杜律师事务所

## TYPE OF TAX

## MEASURES

### Stamp duty

#### Transition from stamp duty to property tax for commercial and industrial properties

- From 1 July 2024, the current stamp duty system for commercial and industrial properties will transition to an annual property tax system.
- The first purchaser of a commercial or industrial property after 1 July 2024 can choose to pay the property's final stamp duty liability as an upfront lump sum, or immediately transition to an annual payment by paying fixed instalments over 10 years equal to the property's final stamp duty liability plus interest (equivalent to a government facilitated loan).
- After the 10 year transitional period, an annual property tax will apply to the property.
- The annual property tax will be set at flat rate of 1% of the property's unimproved land value.
- Once a property is sold after 1 July 2024, stamp duty will not be payable on a subsequent transaction for that property and the annual property tax will apply.
- We expect the details of the transitional regime to be refined as part of the Government's consultation process.
- The Government has indicated its intention to engage with industry in 'targeted consultation' on the design of the changes. Hopefully this 'targeted consultation' will be broad enough to address issues, such as:
  - how will the measures interact with other duty provisions, like concessions and exemptions (including corporate reconstruction relief), economic entitlements, sub sale and landholder rules?
  - which properties be characterised as 'commercial' or 'industrial'?
  - how will changes in use be treated?
- The changes will not apply to the owner of any commercial or industrial property purchased prior to 1 July 2024. They also won't affect owners of residential property.

#### Phasing out business insurance duty by 2033

- Business insurance duties (which apply to public and product liability, professional indemnity, employers' liability, fire and industrial special risks, and marine and aviation insurance) will be phased out by 2033.
- The rate of duty (currently 10%) will reduce by 1 percentage point each year from 1 July 2024.



## TYPE OF TAX      MEASURES

### Temporary COVID Debt Levy

A temporary levy will apply for 10 years, from 1 July 2023 until 30 June 2033, as part of the Government's COVID Debt Repayment Plan. The levy has both a land tax and a payroll tax component.

#### Temporary land tax measures

- ~~From 1 July 2023:~~ **From 1 January 2024:**
  - the tax-free threshold for general land tax rates will decrease from \$300,000 to \$50,000;
  - a fixed charge of \$500 will be levied on general and trust taxpayers with taxable landholdings between \$50,000 and \$100,000;
  - a fixed charge of \$975 will be levied on:
    - general taxpayers with taxable landholdings between \$100,000 and \$300,000;
    - trust taxpayers with taxable landholdings between \$100,000 and \$250,000;
  - for general taxpayers with landholdings above \$300,000, and trust taxpayers with landholdings above \$250,000, land tax rates will increase by \$975 plus 0.1% of the value of their landholdings above \$300,000.
- Existing land tax exemptions, including for principal places of residence, primary production land and land used by charities, will continue to apply.

#### Temporary payroll tax measures

- From 1 July 2023, a payroll tax surcharge will apply to businesses with national annual payrolls above \$10 million.
- The surcharge rate will be 0.5% for businesses with national annual payrolls above \$10 million, and an additional 0.5% for businesses with national annual payrolls above \$100 million.
- Although an employer's national payroll will determine whether they are subject to the surcharge, the surcharge will only be payable on the employer's Victorian share of taxable wages.
- Payroll tax exemptions, such as those for hospitals, charities, local councils, and wages paid for parental and volunteer leave will continue to apply.



**TYPE OF TAX****MEASURES****Land tax****Increase in absentee owner surcharge**

- From the 2024 land tax year:
  - the absentee owner surcharge rate will increase from 2% to 4%; and
  - the minimum threshold for non-trust absentee owners will decrease from \$300,000 to \$50,000 so that the surcharge is payable if the total taxable value of Victorian land held by a non-trust absentee owner is \$50,000 or more.
- There will be no change to the minimum threshold for absentee trust taxpayers.

**New land tax exemption for land with a conservation covenant**

From the 2024 land tax year, there will be a new land tax exemption for land protected by a conservation covenant with Trust for Nature (a not-for-profit organisation). A conservation covenant is a voluntary, legal agreement made between a private landowner and Trust for Nature to permanently conserve land.

**Payroll tax****Increase in the payroll tax-free threshold**

- The payroll tax-free threshold will increase:
  - from 1 July 2024 - from \$700,000 to \$900,000; and
  - from 1 July 2025 - to \$1 million.

**Phase out of the payroll tax-free threshold**

From 1 July 2024, there will be a ‘phase out’ of the tax-free threshold which will result in the tax-free amount reducing for each dollar a business pays in wages over \$3 million. Businesses with wages over \$5 million will not benefit from the tax-free threshold.

**Wagering and betting tax****Increase in wagering and betting tax rate**

From 1 January 2024, the wagering and betting tax will increase from 10% to 15% of net wagering revenue. This is designed to harmonise the wagering and betting tax rate with NSW.

**Waste levy****Waste levy relief for charitable recyclers**

From 1 July 2023, eligible Victorian charities will receive an ongoing exemption from the waste levy to help manage waste management costs arising from illegal dumping and unsuitable donations. The relief may take the form of an annual rebate. Details of the arrangements will be developed by the Department of Energy, Environment and Climate Action and the Environment Protection Authority.





## DISCLAIMER

King & Wood Mallesons refers to the network of firms which are members of the King & Wood Mallesons network.

Legal services are provided independently by each of the separate member firms. No member firm nor any of its partners or members acts as agent for any other member firm or any of its partners or members. No individual partner or member in any member firm has authority to bind any other member firm. See [kwm.com](http://kwm.com) for more information.