

NSW Budget 2023-24

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The New South Wales Treasurer, Mr Daniel Mookhey, handed down the NSW Budget 2023–24 on 19 September 2023. The key tax initiatives are outlined below.

Duties

Landholder duty for private trusts

Landholder duty is applied when someone acquires a “significant interest” in a company or unit trust that owns \$2 million or more worth of land in NSW. Effective from 1 February 2024, the threshold for the acquisition of a “significant interest” in a private unit trust will be reduced from 50% to 20%. The threshold for tracing property interests through linked entities will also be reduced from 50% to 20%. The threshold for acquisition of a “significant interest” in a wholesale unit trust or imminent wholesale unit trust will remain at 50%.

Corporate reconstruction relief

Under current legislation, corporations are exempt from transfer duty when transferring assets between their entities during a restructure. Effective from 1 February 2024, transactions qualifying for restructure relief will receive a 90% discount on the duty otherwise payable rather than a full exemption.

Fixed and nominal duty

Effective from 1 February, the amount of certain fixed or nominal duty in respect of various transactions will be increased. This includes the duty applicable to the settlement of a trust with unidentified or non-dutiable property, which will increase from \$500 to \$750.

Removal of stamp duty exemption and rebate for certain vehicles

From 1 January 2024, stamp duty exemptions and rebates for the purchase of electric vehicles (EVs) will cease. The liability for the Road User Charge (RUC) will also change so that all zero and low-emissions vehicles (including plug-in hybrids) registered for the first time or transferred from 1 January 2024, will be liable to pay the RUC from the earlier of 1 July 2027 or when EVs amount to 30% of new vehicle sales.

First home buyers assistance scheme

Effective from 1 July 2023, first home buyers purchasing a new or existing home can benefit from a full stamp duty exemption for purchases up to \$800,000 or receive a stamp duty concession for purchases between \$800,000 and \$1 million.

Under the former government’s First Home Buyer Choice, eligible first home buyers did not have to pay stamp duty but were required to pay an annual property tax. From 1 July 2023 this scheme was closed off to new applicants. First home buyers who signed contracts before 1 July 2023 and opted into the First Home Buyer have been grandfathered and will continue to pay the annual property tax until they sell their property.

Land tax

Principal place of residence exemption

To claim the exemption from land tax for a principal place of residence, individuals who use and occupy the land as a principal place of residence together must have a minimum 25% stake in

the property (currently, the threshold is 1%).

For those that currently claim the principal place of residence exemption and have less than a 25% interest in the property, transitional rules will enable the exemption to be claimed for the 2024 and 2025 land tax years.

If you have any questions or would like to discuss, please contact your [Fordham Partner](#).

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