

NSW Budget 2023-24



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Tax integrity and fairness changes in NSW Budget

The Minns Labor Government is introducing a series of modest changes to improve integrity and fairness in the tax system and close loopholes.

The proposed changes will improve the design of certain existing tax concessions, address avenues for tax avoidance and update fixed charges on certain transactions.

Changes to the *Land Tax Management Act 1956* close a loophole where people with as little as a one per cent stake in a property can claim the principal place of residence land tax exemption.

The changes will require individuals who use and occupy the land as a principal place of residence together to have a minimum 25 per cent stake in a property to claim the exemption, closing an avenue of tax avoidance used by people who own multiple properties.

The way landholder duty is applied to trusts will also be tightened by reducing the threshold for the acquisition of a “significant interest” in a private unit trust from 50 per cent to 20 per cent.

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. The threshold for acquisition of a “significant interest” in a wholesale unit trust or imminent wholesale unit trust will remain at 50 per cent.

The changes to landholder duty will discourage the use of private unit trusts for tax minimisation and more closely align NSW’s tax regime with other states, while minimising any impact on funds used by wholesale investors for long term investment.

Under current legislation, corporations are exempt from transfer duty, once known as stamp duty, when transferring assets between their entities during a restructure.

Amendments to the *Duties Act 1997* will now reduce the concession received by corporations, from 100 per cent to 90 per cent of the transfer duty otherwise payable when moving assets as part of a restructure.

Fixed and nominal duties applied by Revenue NSW on some transactions will also see modest rises. These fixed charges have not increased since 2009. The changes will assist with accounting for increased administration costs.

The changes are expected to deliver to the Budget **\$958.5 million** over four years.

The Budget also includes a **\$111.1 million** investment over four years to boost Revenue NSW’s tax compliance activities.

The long path to budget repair begins with the Minns Labor Government’s first Budget. After 12 years of waste and mismanagement, the NSW Government is rebuilding essential services and delivering

cost-of-living support where it matters most.

The 2023-24 NSW Budget rebuilds the services the people of NSW rely most on, including **\$13.8 billion** over four years for health and a record investment in teachers and schools including **\$9.8 billion** in infrastructure.

The Minns Labor Government is making careful and necessary decisions to address the holes left by the Liberals. We're improving the budget by closing loopholes so we can rebuild essential services without privatising essential assets.

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