

Queensland State Taxes: A new area of practice?



Presentation by
Professor John Mangan
&
Dr Jeff Mann



Queensland State Taxes: A new area of practice?

Queensland economy

- ▲ Overview
- ▲ Trends

Queensland State Taxes

- ▲ Types
- ▲ Tax take: 2014/2015
- ▲ Tax take: 2015 and beyond

Queensland State Taxes – future impact

- ▲ Duties
- ▲ Payroll Tax
- ▲ Land Tax



Queensland Economy – Broad Aggregates

Table 2.3 Economic forecasts/projections, Queensland ¹						
	Outcome	Estimate		Forecasts		Projection
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Gross State product	3.6	3	3	6	4	3½
Employment	0.3	1½	2	2¼	2½	2½
Unemployment rate	5.9	6	6	5¾	5½	5¼
Inflation ²	2.0	2¾	2¾	2½	2½	2½
Wage Price Index	3.0	2¾	3	3¼	3½	3½
Population	2.0	1¾	2	2	2	2

Notes:

1. Annual % change, except for unemployment rate. Decimal point figures indicate an actual outcome.
2. Does not include any allowance for the repeal of the carbon tax.

Sources: ABS 3101.0, ABS 5220.0, ABS 6202.0, ABS 6345.0, ABS 6401.0 and Queensland Treasury and Trade.

Queensland Economy – Growing Debt to GSP ratio

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
NSW	7.98	8.12	8.32	9.09	8.65	10.01	11.00	11.50	11.92	12.41	13.06
Victoria	4.28	4.16	4.58	4.75	4.89	6.40	7.63	8.93	10.19	12.80	12.99
Queensland	9.73	9.29	9.32	11.24	13.38	16.52	20.57	19.60	22.03	24.38	24.54
South Australia	6.79	5.87	5.44	5.46	5.32	7.12	9.15	11.04	..
WA	9.23	8.86	8.38	6.93	7.36	8.79	12.82	..
Tasmania	15.05	14.12	11.33	10.25	10.11	11.72	12.02	12.31	14.60	14.58	..
NT	21.09	18.95	17.38	16.25	14.61	13.44	15.68	16.83	17.93	20.55	..
ACT	3.47	3.42	3.34	3.01	3.53	3.58	3.91	4.09	5.77	7.73	..

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	11.93	10.89	9.96	9.68	11.72	16.74	20.48	24.28	27.07	28.65	30.61
Canada	72.48	71.19	70.38	66.71	70.84	83.00	84.56	85.89	88.12	88.83	88.08
Germany	66.23	68.55	68.02	65.22	66.81	74.58	82.53	79.99	81.04	78.43	75.50
Japan	180.66	186.44	186.00	183.01	191.81	210.25	215.95	229.84	237.34	243.20	245.05
United Kingdom	40.32	41.69	42.71	43.72	51.89	67.10	78.46	84.32	89.06	90.58	91.98
United States	65.49	64.89	63.65	64.02	72.84	86.05	94.77	99.02	102.52	104.20	105.62

Sources: ABS 55120, MFYR (Qld), Half year Review 2014-15 (NSW), Victoria Budget 2014-15 (Victoria), World Economic Outlook Database

TAXATION REVENUE

Total revenue from taxation is expected to grow by 5.3% in 2014-15. The main components of taxation revenue are shown in Table 3.3.

Table 3.3 Taxation Revenue¹						
	2012-13 Actual \$ million	2013-14 Est. Act. \$ million	2014-15 Budget \$ million	2015-16 Projection \$ million	2016-17 Projection \$ million	2017-18 Projection \$ million
Payroll tax	3,751	3,887	4,014	4,267	4,536	4,821
Duties						
Transfer	1,887	2,420	2,653	2,732	2,923	3,128
Vehicle registration	509	492	517	542	570	598
Insurance ²	616	768	840	893	950	1,010
Other duties ³	39	37	38	39	41	43
Total duties	3,051	3,716	4,047	4,207	4,483	4,779
Gambling taxes and levies						
Gaming machine tax	587	608	629	651	674	698
Health Services Levy	46	52	55	58	62	66
Lotteries taxes	256	243	250	257	265	273
Wagering taxes	41	40	41	42	44	45
Casino taxes and levies	83	83	85	88	90	93
Keno tax	22	23	24	25	26	27
Total gambling taxes and levies	1,034	1,048	1,084	1,122	1,161	1,201
Other taxes						
Land tax	990	980	995	1,035	1,076	1,120
Motor vehicle registration	1,486	1,532	1,578	1,658	1,741	1,828
Fire levy ⁴	348	390	436	461	487	515
Guarantee fees	243	224	245	235	240	242
Other taxes ⁵	54	54	56	57	59	61
Total taxation revenue	10,957	11,831	12,455	13,041	13,783	14,567
Notes:						
1. Numbers may not add due to rounding.						
2. Includes duty on accident insurance premiums.						
3. Includes duty on life insurance premiums.						
4. From 1 January 2014 was broadened to an Emergency Management, Fire and Rescue levy.						
5. Includes the Statutory Insurance Scheme Levy and Nominal Defendant Levy.						

Budget Strategy and Outlook 2014-15 57

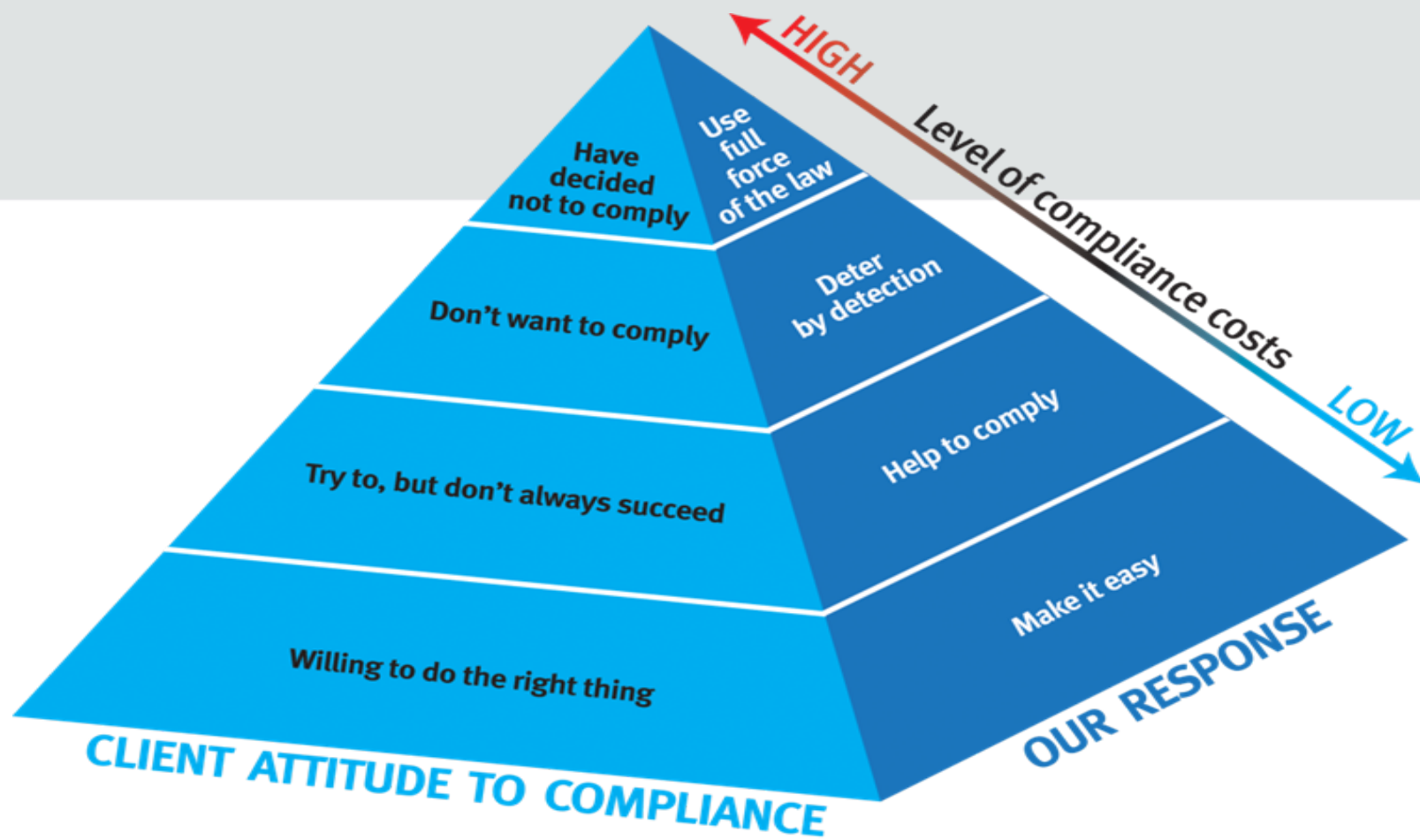
Queensland State Taxes: A new area of practice?

- ▲ Queensland practitioner's area of practice
- ▲ Percentage of practice income from each
- ▲ Scope to increase practice income: generally
- ▲ Scope to increase practice income: Queensland State Taxes

Queensland State Taxes: A new area of practice?

Office of State Revenue: Compliance





Queensland State Taxes: A new area of practice?

So...

- ▲ **Why not recognise this area of practice?**
- ▲ **Why not skill up in those taxes?**
- ▲ **Why not be pro-active with your clients?**
- ▲ **Why not recognise the common problems?**
- ▲ **Why not expand your client base?**
- ▲ **Why not protect yourself from claims?**
- ▲ **Why not increase your practice income?**



Queensland State Taxes: A new area of practice?

Some common problem areas in these taxes:

▲ Duties Act

▲ Payroll Tax Act

▲ Land Tax Act



Queensland State Taxes: A new area of practice?

Some common problem areas in these taxes

▲ Duties Act

- Aggregation of dutiable transactions
- Transfer of business assets
- Home concessions
- Corporate reconstruction concessions
- Trusts
- Partnerships



Queensland State Taxes: A new area of practice?

Some common problem areas in these taxes

▲ Payroll Tax Act

- Registration threshold
- Wages
- Independent contractors
- Groups
- Degrouping



Queensland State Taxes: A new area of practice?

Some common problem areas in these taxes

▲ Land Tax Act

- Exemptions: home - individuals
- Exemptions: home - trusts
- Tax is in advance
- Audit letter



Dear NAME

Please ring 1300 300 734 or email allanah.fedys@osr.qld.gov.au if there have been any changes in circumstances relating to your home exemption.

You have been receiving a home exemption on the property located at [Insert exemption address] since [insert start date]. We need to know if any circumstances surrounding this exemption have changed.

Have you:

- Ceased to use the property as your home
- Occupied another property for more than 6 months in the year
- Entered into any rental agreements of all, or part, of your home
- Operated a business from your home.
- Sold the property

If you have overlooked updating any changes in your land tax circumstances, let us know now so that penalties and interest can be avoided.

Please notify our office, by 30 January 2015, of any changes in your circumstances by emailing allanah.fedys@osr.qld.gov.au or by phoning 1300 300 734.

Yours sincerely

Allanah Fedys
Senior Investigations Officer
for Commissioner of State Revenue



Queensland State Taxes: A new area of practice?

State Taxes: Future Direction?

▲ Henry Report

- Recommendations 51 – 54
- Recommendations 57
- Recommendations 25

▲ Current examination of Australia's taxes



Queensland State Taxes: A new area of practice?

So...

▲ skill up!

- get help from OSR
- get help from QLS
- get help from ELRI

▲ be proactive : at interviews, newsletters

▲ protect yourself from claims

▲ increase your goodwill

▲ increase your income





The Economics & Law Research Institute (ELRI) is an independent research and advisory institute, focusing on the dynamic between the performance of an economy, its relevant laws, legal structures and systems and tax regimes.

ELRI is operated by economists and legal practitioners.



Who's ELRI?



Directors

Professor John Mangan, Professor of Economics, UQ

Dr. Jeff Mann, Solicitor

James Stokes, Solicitor



Research Assistants

Dr. Farhana Chowdhury, Economist

Tom Cuddihy, Law Clerk



What's some of its current projects?

▲ Regulatory change affecting infrastructure:

- Legal structures;
- Taxes.

▲ Ageing population:

- Intergenerational transfer of wealth (ITOW);
 - EPAs;
 - Uniform succession laws;
- Aged care cost options;
- Retirement infrastructure;
- Taxes



Queensland State Taxes

Payroll Tax

- › Contractors
- › Grouping Formation
- › Grouping Exclusions
- › Grouping Consequences

Land Tax

- › Introduction
- › Proper Taxpayer
- › Companies, Absentees and Trusts
- › Exemptions

Duties

- › Corporate Reconstructions
- › Business Assets
- › Trusts
- › Partnerships
- › Public Unit Trusts
- › Landholder Duty

Legal Personalities and Relationships

- › Legal entities and legal relationships



Queensland State Taxes: A new area of practice?

www.elri.com.au

