

## APPENDIX 3

### STATE GOVERNMENT EXEMPTIONS FOR STAMP DUTY ON REFINANCED LOANS

#### COMMONWEALTH GOVERNMENT RESPONSE TO THE RECOMMENDATION OF THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION (THE HAWKER COMMITTEE) INQUIRY INTO REGIONAL BANKING SERVICES

New South Wales	Effective 1 July 1996, the NSW Government abolished Loan Security Duty on the re-financing of a secured loan (such as a mortgage) up to the amount originally secured. As a result, home owners seeking to change their mortgage from one financial institution to another, either for reasons of convenience or cost, pay no loan security duty in NSW provided the amount borrowed is not increased.
Victoria	Since 1 May 1997, the Victoria Stamps Act 1958 has provided an exemption for stamp duty on mortgages where loans are being refinanced. The existing exemption from mortgage stamp duty will apply in the circumstances of a bank branch closure. There are no conditions which apply to the exemption other than the borrower must be the same party in both transactions and the exemption applies only to the amount originally borrowed. If additional funds are borrowed in the refinancing (or changeover) arrangements, stamp duty would be payable on the additional amount.
Queensland	<p>There are currently several concessions or exemptions which enable bank customers to transfer their loans from one bank to another for minimal or no stamp duty. For example, where the new financier accepts the original mortgage as security, it is possible to transfer the mortgage for nominal stamp duty of \$5.00.</p> <p>An exemption from stamp duty is available for the refinancing of loans secured by a mortgage over a borrower's principal home provided that certain qualifying conditions are met. However, this exemption is limited to the balance owing under the previous mortgage or \$100,000, whichever is the lesser.</p> <p>Relief from stamp duty is also available on refinancing</p>

	rural loans where certain qualifying conditions are met.
Western Australia	<p>The Government's position has been not to provide general exemptions. The reasons for this position include the administrative and revenue impacts (particularly if the exemptions were not restricted to country bank branch closures) and the element of choice for the customer (given the availability of electronic alternatives to branch banking).</p> <p>There is a refund scheme which enables some loans relating to farms to be exempt from stamp duty.</p> <p>In late 1999 the Government introduced an administrative scheme for rebating mortgage duty (as well as Financial Institutions Duty and Debits Tax) if residents transfer their banking to a new "community bank" (like those in Victoria). The establishment of a "community bank" would be seen as strong evidence that other banking alternatives in the town were inadequate.</p>
South Australia	<p>On 17 September 1997, the Premier announced that the Government would provide a mortgage stamp duty exemption for those persons in rural South Australia who are forced by local financial institution branch closures to move their accounts and loans to another financial institution still operating in the town. This initiative was expanded beyond that initially announced to include transfers to a financial institution in the nearest town, where the closing financial institution was the last in existence in the town affected.</p>
Tasmania	<p>In the 1997-98 Budget, the Tasmanian Government provided for the abolition of stamp duty on the refinancing of residential, commercial and rural loans.</p>
Australian Capital Territory	<p>The ACT Government does not currently impose stamp duty on mortgages or the discharge of mortgages where customers are transferring loans to another bank.</p>
Northern Territory	<p>The Northern Territory does not levy stamp duty on mortgages.</p>