2001-02 BUDGET REVENUE MEASURES

FACT SHEET NO. 1

OVERVIEW OF REVENUE MEASURES

The 2001-02 Budget revenue measures are primarily in the areas of payroll tax and land tax, two of the largest sources of taxation revenue available to the State. These are also generally regarded as two of the more efficient (ie. least distortionary) taxes available to State Governments.

The following revenue measures are estimated to raise a total of around $45 million in 2001-02 and $510 million over the four years to 2004-05.

SUMMARY OF TAXATION REVENUE MEASURES

	2001-02 Budget Estimate $m	2002-03 Forward Estimate $m	2003-04 Forward Estimate $m	2004-05 Forward Estimate $m
Payroll Tax:				
Grossing up the value of taxable fringe benefits	6.2	16.1	17.2	18.2
Extending payroll tax base to contractors	-	20.0	20.0	20.0
Increase in top payroll tax rate	27.0	63.0	67.0	72.0
Land Tax				
Removal of principal place of residence exemption for property held by companies and trusts	-	10.7	11.4	12.3
Revised land tax scale	-	28.6	30.6	32.7
Premium Property Tax	12.1	8.8	9.4	10.1
TOTAL IMPACT	**45.3**	**147.2**	**155.6**	**165.3**

Note: Columns may not add due to rounding.

Payroll tax – grossing up the value of taxable fringe benefits

The payroll tax base will be extended to include the before-tax or "grossed up" component of taxable fringe benefits from 1 January 2002. This measure will remove a current distortion that unfairly favours fringe benefits over cash wages, and is consistent with the Commonwealth's Fringe Benefits Tax arrangements and similar measures announced by Victoria, Queensland and South Australia in their 2001-02 Budgets.

Payroll tax – extending payroll tax base to contractors

From 1 July 2002, the payroll tax base is to be extended to include payments under contracts which are wholly or principally for the labour of "employee-like" contractors. This will improve the equity and efficiency of payroll tax and protect the payroll tax base from common law employees "converting" to contractors. It will also be consistent with arrangements in New South Wales, Victoria, South Australia and the ACT, which all have contractor provisions in their payroll tax legislation.

Only the labour component of payments to relevant contractors will be subject to payroll tax. Furthermore, a number of tests will be developed to ensure that payments to contractors who operate as independent businesses will not be subject to payroll tax.

Payroll tax – increase in top payroll tax rate

From 1 January 2002, the top payroll tax rate will be increased from 5.56% to 6.0%. This is around the average of the top payroll tax rates currently applying in the other States and Territories.

Importantly, this measure will only impact on medium to large employers with annual payrolls in excess of $4.5 million. Based on average earnings, these employers would generally employ at least 100 employees.

Land tax – removal of principal place of residence exemption for property held by companies and trusts

From 1 July 2002, the land tax base will be extended by removing the principal place of residence exemption for properties held by companies and trusts. This measure will confine the principal place of residence exemption to direct ownership-occupation, as distinct from indirect ownership structures. Nevertheless, an exemption will continue to apply in limited circumstances, such as where a trust is established because the beneficiary is under a legal disability.

Land tax – revised land tax scale

From 1 July 2002, a more progressive land tax scale will be introduced which applies a new tax rate of 2.3% to land with an unimproved value between $2 million and $5 million, and a new rate of 2.5% to land with an unimproved value exceeding $5 million. For land with an unimproved value of (say) $5 million, the increase in annual land tax will be around $9,000 (or around 10.25%).

The new scale will also incorporate a five-fold increase in the land tax exemption threshold, from $10,000 to $50,000. This will result in an estimated 52,000 taxpayers, or around 30% of all land tax payers, being freed from paying land tax.

Premium Property Tax

From 1 January 2002, a Premium Property Tax will be introduced for properties with an unimproved land value in excess of $1 million and which receive a principal place of residence land tax exemption. This tax will be applied at a rate of 2% on the portion of the unimproved land value in excess of $1 million, with the threshold to be indexed annually in line with the Perth Consumer Price Index.

It is estimated that only around 900 properties will be affected by this measure. Arrangements will be put in place to allow a deferral of the tax in circumstances where the owner of the property holds a Pensioner Concession Card, both a State Seniors Card and a Commonwealth Seniors Health Card or a State Concession Card.

WHY INCREASE REVENUE ?

The Government inherited a legacy of budget deficits and a deteriorating financial outlook. An exhaustive expenditure review process has improved the outlook, however such is the problem that the Government has been compelled to introduce a package of revenue measures to meet its over-riding commitment to sound financial management. The package of measures will:

- improve the structure of the State's finances;
- assure surpluses are achieved in the budget and forward estimate years; and
- meet funding pressures related to the provision of essential community services such as health, education, law and order and the environment.

Importantly, the package of revenue measures does not compromise the Government's stated financial objective of maintaining Western Australia's tax competitiveness (see Fact Sheet No. 3 on *Western Australia's Tax Competitiveness*).

A Legacy of Budget Deficits – the Structural Position of the Budget Needs Repair

- A look at the State's finances in recent years reveals a need to improve the structural position of the Budget.
  - Expenses exceeded revenue in each of the four years from 1996-97 to 1999-2000.

A Deteriorating Financial Outlook

- On top of this history of deficits, the financial accounts inherited by the Government were far worse. The *Pre-election Financial Projections Statement* projected:
  - a modest $25.5 million general government operating surplus for 2001-02;
  - but general government operating deficits of $68.8 million and $41.4 million in 2002-03 and 2003-04 respectively; and
  - a rise in total public sector net debt, from $4.6 billion at 30 June 2001 to just under $6 billion by 30 June 2004.

However, these estimates didn't include the impact of neglect by the previous administration in addressing unfunded pressures in essential services. This 'black-hole' inheritance is estimated at $485 million over the four years to 2003-04.

Western Australia's Credit Rating was at Risk

- This deteriorating financial outlook had come to the attention of the ratings agencies who had expressed concern about the worsening in the State's finances over the medium term. The State's AAA credit rating was clearly at risk, with potential higher debt servicing costs and reduced ability to provide services.

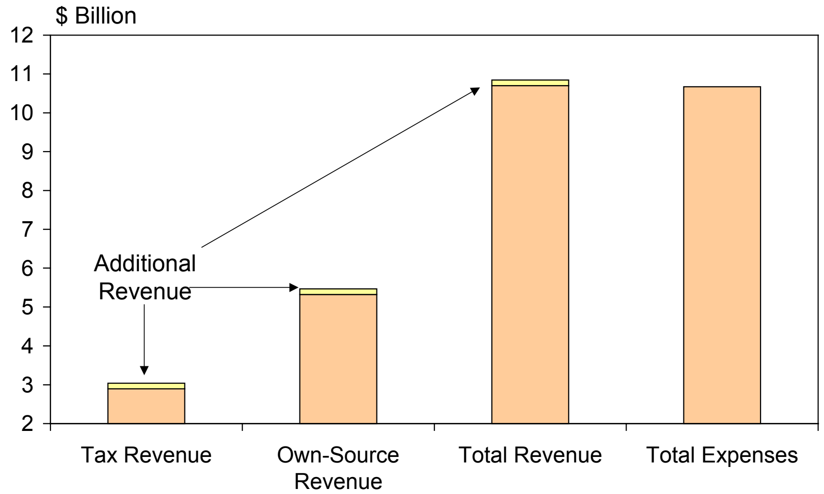
Revenue Measures

- To address the structural weakness in the State's finances, the Government has cut the growth in its operating and capital investment spending – while also honouring its election commitments.

- Despite this expenditure reduction effort, revenue measures have been necessary. These measures will raise a total of $45 million in 2001-02 and around $510 million over the next four years.

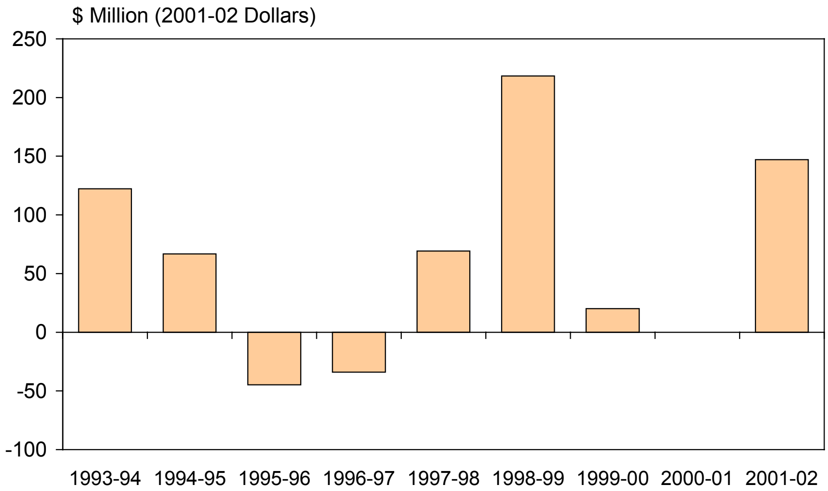
- These measures add less than 1.5 percent to the State's total revenue over four years – a very small addition.

REVENUE MEASURES IN PERSPECTIVE, 2002-03



- Moreover, the additional revenue raised through these measures is significantly lower than the revenue raised in the 1998-99 Budget, as shown in the following graph.

FULL YEAR IMPACT OF TAX AND ROYALTY REVENUE MEASURES ANNOUNCED IN CURRENT AND PREVIOUS BUDGETS



- Importantly, in contrast to recent Budgets, the additional revenue is being raised without any direct burden on ordinary Western Australian households.

  – In this regard, the previous Government significantly increased stamp duty on property conveyances, stamp duty on insurance and motor vehicle licence fees in past Budgets – all of which directly impacted on ordinary households.

WESTERN AUSTRALIA'S TAX COMPETITIVENESS

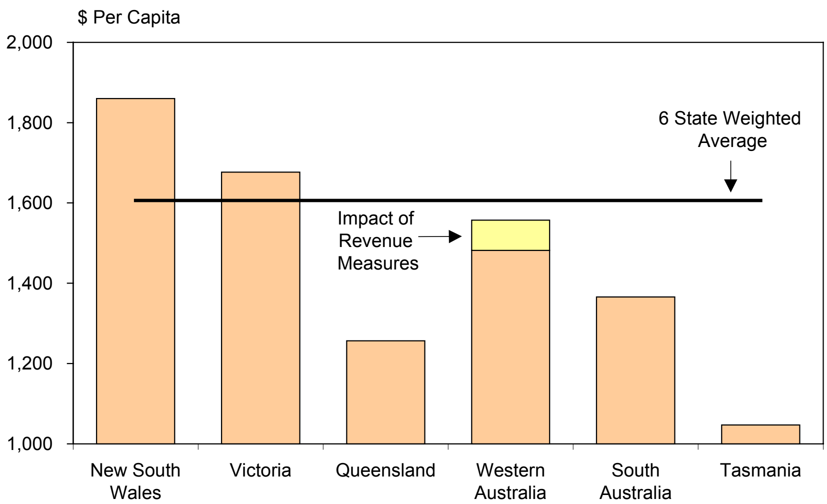
The Government has honoured its commitment to maintain Western Australia's tax competitiveness, despite the need to implement a range of revenue measures.

Tax Per Capita – No Change in Western Australia's Interstate Ranking

- In 2002-03 (the first year in which the measures have a full-year impact), Western Australia's tax revenue per capita is estimated to be the fourth lowest of all States. This is the same ranking as would have occurred without the revenue measures.

- Importantly, our tax competitiveness will remain significantly better than both New South Wales and Victoria, even after taking account of the tax reduction initiatives announced in those States' 2001-02 Budgets.

TAX REVENUE PER CAPITA, 2002-03



- Tax revenue per capita in Western Australia is also expected to remain below the weighted average of all States. In other words, the average Western Australian will continue paying a lower level of State taxes than the average Australian.

Tax as a Share of GSP – Western Australia is the Most Competitive State

- Another indicator of the relative tax burden is tax revenue as a share of Gross State Product (GSP).

- Western Australia is expected to be the most competitive State in 2002-03, even after the new revenue measures, in terms of tax as a share of GSP.

TAX REVENUE AS A SHARE OF GSP, 2002-03

- Again, Western Australia is estimated to pay less tax as a percent of GSP than the Australian average.

WHY THESE TAXES?

Limited Options Available to the State

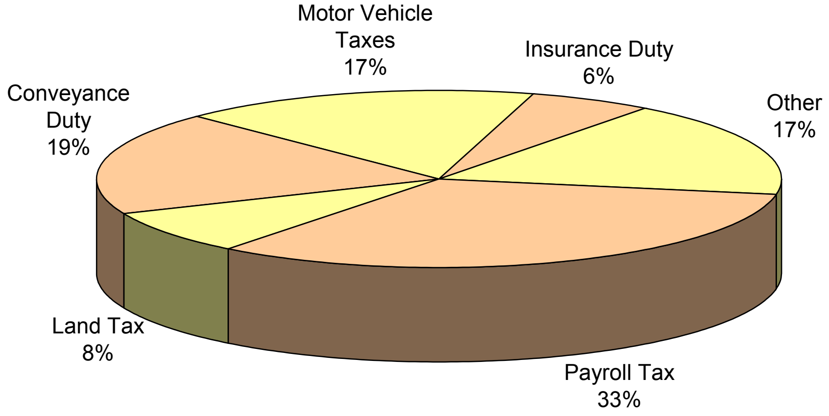
- Given the nature of the State's taxing powers, the range of tax measures available to the Government is limited.

- The revenue measures contained in the 2001-02 Budget are mainly in the areas of payroll tax and land tax, two of the largest sources of tax revenue available to the State (as shown in the graph below).

- Other key taxes available to the State (stamp duty on property conveyances, motor vehicle taxes and stamp duty on insurance) were increased significantly by the previous Government in the 1998-99 and 1999-2000 Budgets.

  – Further increasing these taxes would have further increased the burden on ordinary Western Australian households.

COMPOSITION OF STATE TAX COLLECTIONS, 2001-02



- The Government has already indicated that it will not be increasing its reliance on gambling taxation through the introduction of poker machines (a relatively "easy" but socially harmful option adopted in other States).

  – Based on the experience of the other States, it is estimated that Western Australia is foregoing around $215 million a year in gambling tax revenue as a result of our ban on poker machines.

Payroll Tax and Land Tax – Minimal Impact on Households

- The revenue measures broaden the payroll tax and land tax bases by addressing avoidance opportunities and removing unfair exemptions available under current arrangements.

- Where tax rates have had to be increased, the increase has been targeted to taxpayers with the greatest ability to pay.

- Importantly, these measures have no direct impact on ordinary Western Australian households. Moreover, around 52,000 land tax payers who have the smallest land holdings will no longer have to pay this tax.

WHO DO THESE MEASURES AFFECT?

These revenue measures are designed to achieve a broader-based, fairer tax system, without increasing the burden on small business or ordinary households.

Where tax rates have had to be increased, the increase has been targeted to taxpayers with the greatest ability to pay. Reflecting this, the burden of the revenue measures will be primarily borne by premium property owners and large businesses.

Premium Property Owners

- The measure that most directly impacts on households is the Premium Property Tax (PPT). This will only affect owner-occupiers of "premium" residential properties with an unimproved land value of more than $1 million.

- These properties are mainly located in suburbs along the Swan River or in prime beachfront suburbs, with around two-thirds of the 900 properties affected located in Peppermint Grove, Mosman Park, Applecross and Dalkeith.

Large Businesses

- The increases in payroll tax and land tax rates have been confined to larger businesses.

- Only the top rate of payroll tax is being increased. This targets the impact on businesses with an annual payroll above $4.5 million. In general, these businesses would employ at least 100 employees.

- Approximately 3,000 employers will be affected by the increase in the top payroll tax rate, 85% of which are interstate employers (ie. companies with head offices in other States, such as the major banks and retailers).

- Only the land tax rate on properties with an unimproved value above $2 million is being increased. This will affect an estimated 1,200 taxpayers who own high value commercial properties. These taxpayers account for less than 1% of all land tax payers.

- Large shopping centre owners will be among those affected by the new land tax scale. While they typically pass the cost of land tax on to their tenants, it is estimated that a "typical" small tenant will only pay about $300 a year extra as a result of this measure.

Anti-Avoidance

- A number of the revenue measures will impact on taxpayers who take advantage of existing opportunities to avoid tax.

- For example, extending the payroll tax base to "employee-like" contractors will remove the incentive to convert common law employees to contractors in an attempt to minimise payroll tax, thereby resulting in a fairer tax system.

Winners

- Around 52,000 taxpayers (or nearly 30% of all land tax payers) will be freed from paying land tax as a result of the increase in the land tax exemption threshold from $10,000 to $50,000.

- This will assist many mum and dad property investors who can only afford to invest in the lower end of the property market.

HOW DO THE BUDGET REVENUE MEASURES RELATE TO THE REVIEW OF STATE BUSINESS TAXES?

Government to Proceed with a Review of State Business Taxes

- The Government has decided to undertake a comprehensive review of the State's tax system.
- The review will cover all State taxes, including payroll tax, land tax, stamp duties, gambling taxes and motor vehicle taxes.
- The overall objective of the review will be to make recommendations on how to improve the equity, efficiency and simplicity of the State's tax system within an overall revenue neutral context.
- A particular focus of the review will be on minimising taxpayer compliance costs, which have become a major issue under the Howard Government's new tax system, particularly for small business.
- The review will commence immediately following the Budget. It will be conducted by the Department of Treasury and Finance, in consultation with key industry groups.
- The review will provide industry with the opportunity to have a say on the appropriate design and structure of the State's tax system.
- The final report of the review will be submitted to the Government by the end of February 2002. At this stage, it is expected that the Government's response will be announced as part of the 2002-03 Budget.

Budget Revenue Measures Set the Scene for the Review

- The revenue measures contained in this Budget will help ensure that growth in revenue keeps up with growth in demand for government services and infrastructure.
- Many of the revenue measures in this Budget will also improve the equity and efficiency of the State's tax system.
- However, there remains significant scope for improvement, including in terms of simplifying the tax system and minimising compliance costs – hence the need for the review.
- Consistent with the Government's commitment to sound financial management, the terms of reference for the review require that the recommendations be revenue neutral (ie. have no net budgetary implications).
- Despite the repair of the State's finances implemented in this Budget, the Government simply cannot afford to use the review as a vehicle for delivering net tax cuts. However, this does not rule out the achievement of meaningful reform.
- The Government is confident that the review will build on the improvements to the State's tax system made in this Budget, and will result in a fairer, better and more simple tax system.

PAYROLL TAX AND CONTRACTORS

Description

- From 1 July 2002, the payroll tax base will be extended to include payments under contracts which are wholly or principally for the labour of "employee-like" contractors.
- Only the portion of such payments that is attributable to labour will be subject to payroll tax.
- Payments to contractors that operate as independent businesses will not be subject to payroll tax.

Revenue Raised

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
This Measure	-	20.0	20.0	20.0
Total Payroll Tax	910.4	1,044.6	1,112.9	1,183.8
Total State Taxes	2,775.4	3,039.8	3,218.1	3,392.8

Why This Measure ?

- Currently, only wages paid to common law employees are subject to payroll tax. Payments for contract labour which do not come under common law arrangements are not.
- This distinction is artificial, outdated and distortionary, and creates an incentive to convert common law employees to contractors in an attempt to minimise payroll tax.
- This measure will essentially treat "employee-like" contractors the same as common law employees for payroll tax purposes. This will reduce avoidance opportunities and improve the equity and efficiency of payroll tax.

Who Does It Affect ?

- This measure is only aimed at "employee-like" contractors.
- A number of tests will be developed to distinguish between "employee-like" contractors and those operating as independent businesses.
- These tests will be developed in consultation with tax professionals and key industry groups to ensure that they meet the Government's policy objectives and are able to be readily understood and applied by employers and contractors.

Interstate Comparisons

- New South Wales, Victoria, South Australia and the ACT all have contractor provisions in their payroll tax legislation. These provisions are aimed at ensuring the labour component of payments to "employee-like" contractors is subject to payroll tax.

PAYROLL TAX – GROSSING UP THE VALUE OF TAXABLE FRINGE BENEFITS

Description

- The value of fringe benefits will be "grossed up" for payroll tax purposes (in the same way they are grossed up for Fringe Benefits Tax (FBT) purposes), with effect from 1 January 2002.
- This follows an extension of the payroll tax base to include most non-cash fringe benefits in 1997. However, the 1997 legislation only included the after-income tax equivalent value of the benefit.
- This measure expands the payroll tax base to include the before-tax (gross) equivalent of the benefit. For example, a typical car fringe benefit might currently have a taxable value for payroll tax purposes of $8,000. This measure will increase the value of that benefit for payroll tax purposes to around $17,000, its same value for FBT purposes.

Revenue Raised

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
This Measure	6.2	16.1	17.2	18.2
Total Payroll Tax	910.4	1,044.6	1,112.9	1,183.8
Total State Taxes	2,775.4	3,039.8	3,218.1	3,392.8

Why This Measure ?

- This measure will treat fringe benefits the same as cash wages for payroll tax purposes, thereby removing the remaining payroll tax distortion in favour of fringe benefits.

Who Does It Affect ?

- This measure will only affect a relatively small group of employers that pay payroll tax and remunerate their employees with fringe benefits. In general, these tend to be large employers.
- It is expected to have only a minimal impact on regional Western Australia, as remote area housing benefits and certain other prescribed fringe benefits paid by employers to employees in remote areas are (and will remain) exempt from payroll tax.
- The extent to which this measure impacts on an employer's payroll tax liability will depend on each employer's circumstances. The impact will be larger for employers that provide a greater proportion of remuneration in the form of fringe benefits.
- By way of example, the extra payroll tax that an employer on the new top payroll tax rate of 6.0% will pay by providing an employee with a typical car is around $540.

- To put this in perspective, if the employer provided a similar benefit to 20 employees, and assuming an annual payroll of $10 million, the increase in payroll tax as a result of this measure will be less than 2% of the employer's total payroll tax bill.

Interstate Comparisons

- This measure is consistent with the announcements by Victoria, South Australia and Queensland in their 2001-02 Budgets that they will use the grossed up values of fringe benefits for calculating payroll tax. All other jurisdictions use non-grossed up values.

INCREASE IN THE TOP PAYROLL TAX RATE

Description

- From 1 January 2002, the top payroll tax rate will be increased from 5.56% to 6.0%.
- Employers with an annual payroll below $4.5 million will not be affected by this measure.

Revenue Raised

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
This Measure	27.0	63.0	67.0	72.0
Total Payroll Tax	910.4	1,044.6	1,112.9	1,183.8
Total State Taxes	2,775.4	3,039.8	3,218.1	3,392.8

Why This Measure ?

- Payroll tax is by far the State’s largest source of tax revenue, and is generally regarded as one of the more efficient taxes available to State Governments.
- Confining the increase to the top rate will make the payroll tax scale more “progressive” - larger firms will pay a higher rate of tax than currently.
- By way of example:
  - an employer with an annual payroll of $5 million currently pays $254,000 in payroll tax. This will rise by $11,000, which is a 4.3% increase; and
  - an employer with an annual payroll of $10 million currently pays $556,000 in payroll tax. This will rise by $44,000, which is a 7.9% increase.
- The increase in payroll tax from employing an additional employee at the proposed top rate of 6.0%, relative to the existing top rate of 5.56%, is less than $200 per annum for an employee on average earnings.
  - An increase of this magnitude is not expected to have any significant impact on employment.

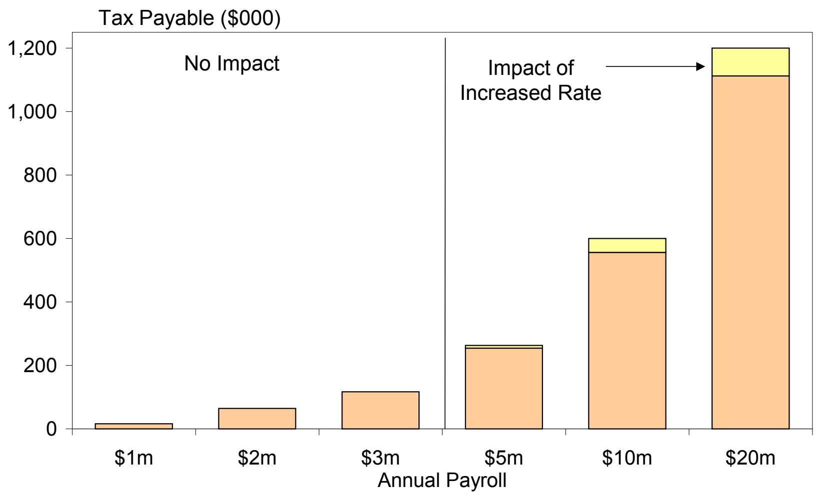
Who Does It Affect ?

- This measure primarily affects medium to large employers with headquarters in other States.
  - Only employers with an annual payroll above $4.5 million will be affected. These employers would generally employ at least 100 employees.

– Approximately 3,000 employers will be affected by this measure. These account for less than 3% of all businesses in Western Australia.

– 85% of affected employers are interstate businesses (ie. companies with head offices in other States, such as the major banks and retailers).

TAX PAYABLE AT SELECTED PAYROLLS

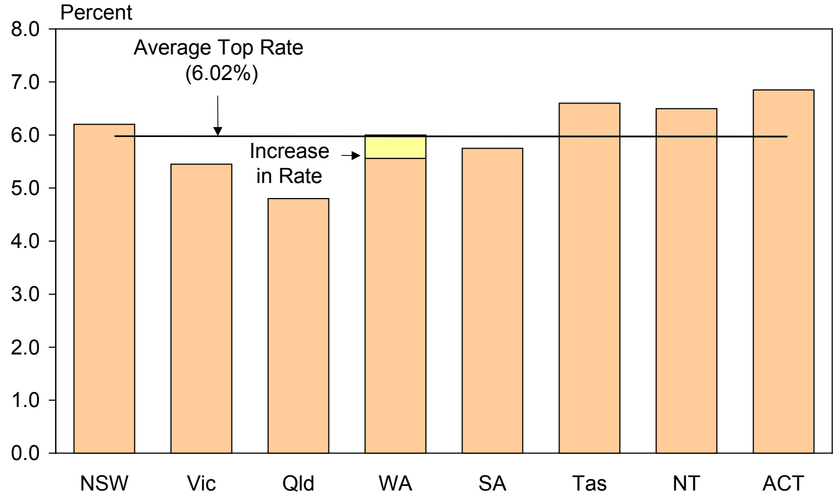


Interstate Comparisons

- Western Australia's current top payroll tax rate (5.56%) is the third lowest in Australia.

- At 6.0%, it will be around the average of the other States and Territories, as illustrated in the graph below.

TOP PAYROLL TAX RATES AS AT 1 JANUARY 2002



- In Western Australia, employers with an annual payroll below $675,000 are exempt from payroll tax. Only Queensland, Tasmania and the ACT have a higher exemption threshold.

NEW LAND TAX SCALE

Description

- A new land tax scale will be introduced from 1 July 2002 which increases the exemption threshold from the current $10,000 to $50,000.
- This will free an estimated 52,000 people, or nearly 30% of all land tax payers, from paying land tax. These people will save up to $75 a year in land tax and up to $75 a year in Metropolitan Region Improvement Tax.
- The new scale also increases the rate of tax on high value property, from 2.0% to 2.3% for land with an unimproved value between $2 million and $5 million, and from 2.0% to 2.5% for land with an unimproved value exceeding $5 million.
- This measure will only affect high value commercial property. Owner-occupied homes and land used for primary production purposes will remain exempt from land tax.

Revenue Raised

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
This Measure	-	28.6	30.6	32.7
Total Land Tax	238.6	290.6	310.9	332.6
Total State Taxes	2,775.4	3,039.8	3,218.1	3,392.8

Why This Measure?

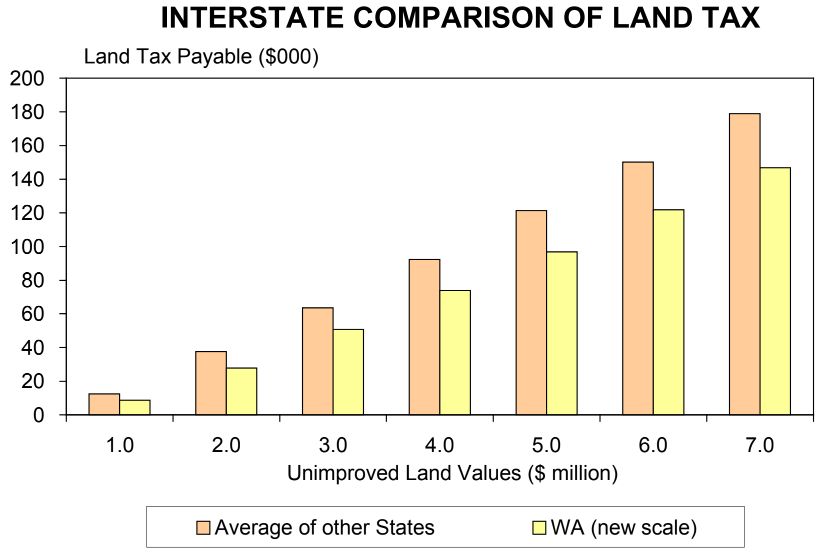
- Land tax is one of the State's largest sources of tax revenue, and is generally regarded as one of the more efficient taxes available to State Governments.
- Confining the tax increase to high value properties and raising the exemption threshold makes the land tax scale more "progressive", in that high value properties will be subject to tax at a higher rate than currently, while a larger number of low value properties will be exempt from land tax.

Who Does It Affect?

- Increasing the tax rate on properties with an unimproved value above $2 million will affect an estimated 1,200 taxpayers – less than 1% of all land tax payers.
- By way of example, a taxpayer holding land with an unimproved value of $5 million will pay an additional $9,000 a year in land tax, an increase of around 10%.
- Large shopping centre owners will be among those affected by the new land tax scale. While they typically pass the cost of land tax on to their tenants, it is estimated that a "typical" small tenant will only pay about $300 a year extra as a result of this measure.

Interstate Comparisons

Even after this measure, land tax payable in Western Australia will remain below the average of the other States, as illustrated in the graph below.



PREMIUM PROPERTY TAX

Description

- From 1 January 2002, a Premium Property Tax (PPT) of 2.0% will be applied to principal places of residence with an unimproved land value exceeding $1 million.

- This exemption threshold will be indexed annually in line with the Perth Consumer Price Index.

- The PPT will only apply to the portion of the unimproved land value in excess of the exemption threshold. By way of example, the PPT on a property with an unimproved value of $1.1 million will be $2,000 (ie. ($1.1 million - $1.0 million) x 2.0% = $2,000).

- Properties subject to the PPT will remain exempt from land tax and the Metropolitan Region Improvement Tax.

Revenue Raised

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
This Measure	12.1	8.8	9.4	10.1
Total Land Tax	238.6	290.6	310.9	332.6
Total State Taxes	2,775.4	3,039.8	3,218.1	3,392.8

Why This Measure ?

- This measure will broaden the State's tax base and thereby reduce pressure in the future to increase rates on existing taxes. It will also ensure that those who can afford to pay tax do pay tax.

- The annual indexation of the PPT exemption threshold will minimise the movement of new properties into the PPT base as a result of natural growth in property values.

Who Does It Affect?

- There are approximately 900 owner-occupied properties in Western Australia with an unimproved land value in excess of $1 million. Around two-thirds of these properties are located in Peppermint Grove, Mosman Park, Applecross and Dalkeith.

- The average unimproved value of these properties is around $1.6 million - 14 times greater than the average unimproved value of land owned by ordinary Western Australians.

- Nevertheless, the Government recognises that there may be some premium property owners with modest incomes (eg. pensioners), and so will allow the payment of the PPT to be deferred (until the property is sold or the owner dies) where the owner holds a Pensioner Concession Card, both a State Seniors Card and Commonwealth Seniors Health Card or a State Concession Card.

Interstate Comparisons

- New South Wales imposes a PPT of 1.7% on principal places of residence with an unimproved value above $1,319,000 (indexed annually to estimated increases in Sydney residential land values). No other State imposes such a tax.

REMOVAL OF PRINCIPAL PLACE OF RESIDENCE LAND TAX EXEMPTION FOR PROPERTY HELD BY COMPANIES AND TRUSTS

Description

- Properties which are occupied as principal places of residence but which are held by a company or trust (rather than in the name of the person who occupies the property) are currently able to receive a principal place of residence land tax exemption.

- From 1 July 2002, property held by companies or trusts will no longer qualify for a principal place of residence exemption (except in special circumstances).

Revenue Raised

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
This Measure	-	10.7	11.4	12.3
Total Land Tax	238.6	290.6	310.9	332.6
Total State Taxes	2,775.4	3,039.8	3,218.1	3,392.8

Why This Measure ?

- This measure will result in a broader land tax base.

- It recognises that indirect property ownership structures are often adopted for tax minimisation purposes, and confines the principal place of residence land tax exemption to direct ownership-occupation.

Who Does It Affect ?

- It is estimated that around 1,400 companies and trusts currently receive a principal place of residence land tax exemption. In general, the properties held by these entities are high value properties.

- This measure will have no impact on direct owner-occupiers, who will continue to receive a full exemption from land tax on their principal place of residence.

Interstate Comparisons

- The removal of the principal place of residence exemption for companies brings Western Australia broadly into line with most other States.

- The land tax treatment of properties held by trusts varies across the States.
  - New South Wales and Victoria do not provide a principal place of residence exemption for residential land owned by a discretionary trust, but certain other trusts are eligible for the exemption.
  - Queensland provides an exemption only where all the beneficiaries occupy the property as their principal place of residence.
  - In South Australia, an exemption exists where the trustee occupies the property as their principal place of residence.