QTON No. 24

Legislative Assembly for the Australian Capital Territory

Standing Committee on Public Accounts and Administration

Inquiry into Annual and Financial Reports 2023-24

Answer to question taken on notice

Asked by: MR ED COCKS MLA

Addressed to: Mr Russ Campbell, Acting Under Treasurer, Office of the Under Treasurer, Treasury, CMTEDD

In relation to: RESIDENTIAL AND COMMERCIAL RATES – OVERDUE

Hearing: 13 February 2025
Uncorrected Proof Transcript pp 41, 42, 43
Transcript provided: 20 February 2025
Answer Due: 27 February 2025

Mr Kim Salisbury, Executive Group Manager, Revenue Management, Treasury took on notice the following questions:

Mr Cocks: Yes, I want to direction a little bit. I want to understand a bit more about the outstanding amounts that we have got for residential and commercial rates at the moment. Firstly, how much is, at any one point, overdue by more than a month?

Mr Campbell: I might just call on our revenue commissioner to join us at the table.

Mr Steel: Noting that the responsibility for tax administration sits with the finance minister who is coming into annual reports but—

Mr Cocks: I do understand that.

Mr Steel: Thank you, Mr Salisbury.

Mr Salisbury: Okay, I am Kim Salisbury. I am the Executive Group Manager of Revenue. I have read and understand the privileges statement. Your question goes to overdue rates and you asked a question about the levels. I will take that question on notice. I do not have that data with me.

Mr Cocks: Yes, thank you. And we charge interest on those overdue rates. I understand, if I recall correctly, roughly 12 and a half per cent is the interest rate that applies, at least for residential rates that are overdue. Can you confirm that is the correct rate and whether that interest rate applies to other debts to the territory?

Mr Salisbury: The standard interest rate that applies is 12.42 per cent at the moment.

Mr Cocks: And how is that calculated? How do you set that interest rate?

Mr Salisbury: That is a legislated amount. It is the 90-day bank bill rate plus a standard 8 per cent.

Mr Cocks: So 8 per cent above the bank bill?

Mr Salisbury: Correct.

Mr Cocks: Okay. I am interested, is that the same rate that applies to stamp duty, overdue stamp duty?

Mr Salisbury: Yes, that is our standard rate that applies to most of our tax lines.

Mr Cocks: And I know this probably partly fits in the finance minister's hearing, but if you could take on notice perhaps what quantity of debt there is in terms of stamp duty that is in arrears?

Mr Steel: Stamp duty for what?

Mr Cocks: In the residential commercial properties.

Mr Steel: Conveyancing duty?

Mr Cocks: Yes, yes. Would you be able to take that down, take that on notice as well, or provide information on that, and for how many people or entities?

Mr Salisbury: Certainly, yes.

Mr Cocks: Thank you. And I am interested to find out what the policy approach is around when—and this might, again, be in the other hearing. I am interested in finding out the policy around recovering stamp duty that is more than a period of—is there a time limit to when the government would pursue an outstanding debt?

Mr Salisbury: There is a due date on an assessment and following that due date we would be pursuing that debt.

Mr Cocks: Okay, and does the government have the power, as we have seen in interstate, to forcibly make someone—sell someone's home, for example, to recover that debt?

Mr Salisbury: We do have a range of powers in relation to rates and land tax that does include the right to sell somebody's house.

Mr COCKS: And in terms of all debts, including stamp duty and rates, does that include the power to directly approach someone's bank, for example?

Mr Salisbury: There are also garnishing powers that we have.

Mr Cocks: Where would I find those garnishee powers in legislation?

Mr Salisbury: The Tax Administration Act would be the first place to start but perhaps I will take that question on notice and we can list the legislation and related legislation.

Mr Cocks: That would be useful. Thank you.

MR CHRIS STEEL MLA, TREASURER: The answer to the Member's question is as follows:

The Minister for Finance has responsibility for tax administration. I am answering the question on her behalf.

The ACT Revenue Office advises:

Overdue debt

The value of overdue collectable debt as of 14 February 2025 is below.

Tax Line	Total Debt	< 2 yrs	2 - 5 yrs	5 yrs +
Rates	$99m Residential ($69m) Commercial ($30m)	$80m	$14m	$5m
Payroll Tax	$33m	$23m	$6m	$4m
Land Tax	$26m	$23m	$2.5m	$0.5m
Duty	$21m Residential ($11m) Commercial ($10m)	$18m	$1m	$2m

Interest rates

As of 19 February 2025, the interest rate for overdue debts, including conveyance duty, is 12.42 per cent. Current and historical interest rates are published on the ACT Revenue Office website: www.revenue.act.gov.au/rights-and-obligations/interest-and-penalty-tax.

Interest rates are prescribed under legislation. Section 26 of the *Taxation Administration Act 1999* (TA Act) sets out the interest rates comprising a market rate component based on the monthly 90-day bank bill rate and a premium component of 8 per cent per annum.

Compliance and debt collection

In terms of compliance activity involving conveyance duty where a person has claimed the Home Buyer Concession and after the period of residency criterion (12 months), the ACT Revenue Office (ACTRO) may undertake an investigation if there are indications that suggest that a taxpayer has not met the eligibility criteria. During an investigation claimants are contacted and are asked to provide information to determine whether they have met the eligibility criteria. As a result of the investigation, an officer may issue a Notice of Reassessment.

- Note: At 9 months after settlement of a property purchase, the ACTRO contacts all claimants to remind them of the conditions associated with the concession and advises them to contact the ACT Revenue Office if the conditions have not or will not be met.

Section 9 of the TA Act provides that the Commissioner may make a reassessment of a tax liability for a taxpayer. Generally, this ability is limited to 5 years except where it involves: a decision of an objection or an appeal; or where facts and circumstances were not fully and truly disclosed.

Debt recovery actions for the non-payment of tax may include the sale of land, as provided under section 56J of the TA Act. More generally, matters related to the collection of tax are set out in Part 7 of the TA Act.

Approved for circulation to the Standing Committee on Public Accounts and Administration

Signature: Date: 27/2/25

By the Treasurer, Mr Chris Steel MLA