

Introduction of Stamp Duty in The Australian Capital Territory

Ian McMahon

Stamp Duty and the associated duty stamps were imposed on the Australian Capital Territory (ACT) on 1 July 1969. This article provides a brief look at the tortured process of their introduction.

Stamp Duty did not originally apply in the Territory although a hospital tax was introduced for a short period from 1933 on many residents with the tax was deducted from their wages. Private employers provided a weekly statement with the tax paid using Australian postage stamps which were cancelled with a two-line CANCELLED HOSPITAL/TAX in purple.

The lack of stamp duty led to complaints by some states, especially New South Wales, that they were losing revenue as some people were conducting business in the ACT to avoid payment of stamp duty in the states.

In his 1965 budget speech Harold Holt, the Commonwealth Treasurer, announced plans to introduce stamp duty in the ACT on 'cheques, promissory notes, conveyances, hire purchase transactions and so on'. The proposal met with stiff opposition with, for example, Mr Meagher of the Law Society of the Australian Capital Territory saying that the legal profession objected to the proposal for a number of reasons: *The Treasurer's statement implies that residents of Canberra are not bearing a fair and proper share of the taxation burden. This may not be correct, and certainly no figures have been produced to justify it. Certain payments made by Canberra residents, such as ground rent on leases, are not generally payable in the States. The Government, through the Minister for the Interior, stated on August 18 that the premature introduction of self-government could prove detrimental to Canberra. If this view is correct, then local forms of taxation should also be postponed. The major revenue likely to be obtained from stamp duty is from transfers of residents' and other leases. This revenue is already collected by the Government in an economical way through registration fees on transfers. The amount of additional revenue from other types of documents and transactions would largely be dissipated by greatly increased administrative costs. It would appear that the real purpose of Mr Holt's decision is to return to the States revenue that they claim to have lost from the large volume of business at present transacted in Canberra. If this is achieved, the result will be a loss of revenue to the Government through the lessening of business activity in the Territory. It is significant that on the night of the Budget speech the Minister for the Interior was reported to have said that the Government had deferred all department transfers for the year 1966-67, and it is probable that the Government's decision to impose stamp duty is part of this action to slow down the rate of Canberra's development* [Canberra Times 23 Aug 1965].

A group of ACT Businessmen formed the ACT Stamp Duty Committee to oppose the introduction of stamp duty in the ACT. Members of the Committee met with Harold Holt and called for the abandonment of the introduction of stamp duty or its postponement until after it has been fully considered by an appropriate legislative body representing the interests of people living in the ACT [Canberra Times 11 Nov 1965]. Nothing more was done in the following year and the committee formed to block the stamp duty introduction disbanded as a result of the Government's inaction.

Harold Holt was not successful in introducing Stamp duty into the ACT. However, his successor William McMahon announced in his 1967 Budget the Commonwealth Government's determination to impose stamp duty in the Territory [Canberra Times 16 August 1967]. The Canberra Times went on to report that the Anti-Stamp Duty Committee was unlikely to reform as the proposed legislation 'will affect only small things like cheques and insurance policies' and the Committee had managed to have the imposition of stamp duty deferred for two years.

As Harold Holt had found, introducing stamp duty into the Territory was not smooth sailing. He was reported in the Canberra Times (15 August 1968) that he was having more trouble than expected in introducing a stamp duty in the ACT. He was replying to the Member of the House of Representatives for the ACT, James Fraser, who had asked about the fate of the tax and why it had been omitted from the Budget. William McMahon said that because of unforeseen difficulties he was still investigating ways of imposing the tax but emphasised that the Government's intention stood and the only difficulty was finding a suitable scheme for the introduction.

Early in 1969, the way forward had been found. On 25 January 1969, the Canberra Times reported that the Treasury plans to have legislation for the introduction of stamp duty in the ACT ready by June 30. Treasury officials said yesterday they were working to a schedule which would enable the stamp duty to be imposed by then. No announcement has come from the Treasurer, Mr McMahon, however, on the date, or on the amount intended to be imposed.

The Canberra Times on 27 February 1969 (Figure 1) reported that William McMahon had confirmed officially yesterday that legislation for stamp duty in the ACT would be introduced this year. He told the Member for the ACT, Mr J. R. Fraser, in the House of Representatives that the legislation was at a stage where a Bill would be completed within the next few days or a few weeks and that the ACT Advisory Council would certainly be one of the appropriate bodies with which he would discuss the proposed duty laws.

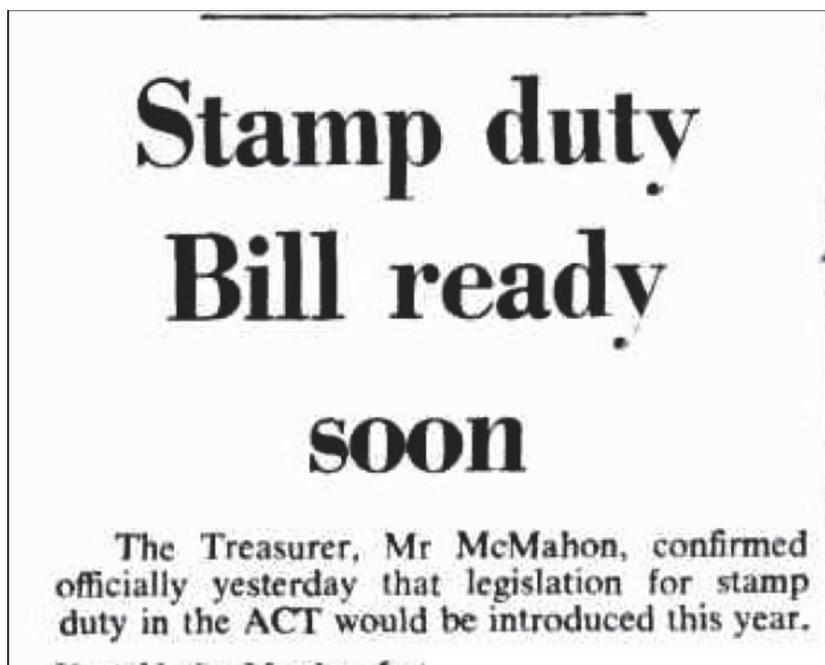


Figure 1



Figure 2

The ACT Advisory Council discussed the draft legislation at their meeting on 31 March 1969 at which all eight elected members of the Council resigned. Figure 2 shows four of the members signing the resignation statement, from left Mr J H Pead, Mr T W Pye (signing), Mr G J Walsh and Mr F J McCauley. The Canberra Times reported on 23 April 1969 that the Advisory Council had dissolved itself as an elected body rather than to continue to have its advice rejected by the Government and its representations treated with contempt by the Minister for the Interior, Mr Nixon. The decision related to the controversy over the closure of the Canberra Abattoir, stamp duty, the sewerage rate and the issue of wider council powers. The former councillors said that the people of the ACT are being denied the basic rights enjoyed by "12 million other Australians". (The Australian Capital Territory Advisory Council was established in 1930, in order to provide the residents of the ACT with representation on local matters, with the first Council being elected in May of that year.

Initially consisting of three elected members, along with one member appointed by each of the Departments of Works and Railways, Home Affairs, Health and the Attorney-General's Department, the Advisory Council replaced the Federal Capital Commission, which had been composed of one elected and two appointed Commissioners. The number of elected members was increased to 5 in 1952, 6 in 1957 and 8 in 1959. The Council was replaced by a Legislative Assembly in 1974, consisting of eighteen elected members.)

Stamp tax begins in ACT on July 1

Details of the new ACT stamp duty to come into operation at the beginning of next month were issued yesterday by the Acting Commissioner of Taxation, Mr P. J. Lanigan.

The duty will affect cheques, bills of exchange, promissory notes, hire-purchase arrangements, insurance, conveyances of land interests, and transfers of marketable securities.

All cheques drawn on banks in the ACT on or after July 1 will be subject to a duty of 5c. Cheques with imprints or perforations indicating that the duty has been paid will be available from banks.

Stamps may be needed

A cheque without a duty paid imprint will need to have a 5c duty stamp affixed, which must be cancelled by the drawer by writing his name and date across the stamp.

ACT duty stamps will be available from all post offices. A duty stamp must be affixed also to any bill of exchange or promissory note after July 1.

A duty of 1½ per cent will be charged on all hire purchase agreements of over \$100.

Insurers will have to pay a duty of 5 per cent on premiums received in the ACT in regard to property insured in the ACT and insurance effected in the ACT.

Life insurance, compulsory third-party insurance for motor vehicles and workers' compensation insurance are not dutiable. Conveyances of interest in land will be dutiable if executed after the first of next month.

Taxation Department staff will be available to answer inquiries regarding the charges. These should be addressed to the ACT Taxation Department, West Row, Canberra City.

The Canberra Times also reported that the federal Government expected an annual revenue yield of \$1.3 million from the introduction of stamp duty in the ACT at an initial cost of about \$39,000 a year or about 3 per cent about \$850,000 above the amount raised by existing charges which were to be incorporated in the new duties. William McMahon said that with the growth of Canberra as a city and as a business centre it was fair and proper that residents of the ACT should bear certain taxes comparable with those levied on residents in the States. ACT residents were provided with governmental services which compared not unfavourably with those provided in the States. In addition, the ACT was being used as a 'tax haven' for the avoidance of certain State stamp duties. William McMahon said that it would not be appropriate, having regard to the costs of collection and inconvenience to tax payers, to impose duties on the wide range of transactions which were usually subject to stamp duties in the States. The proposed rates, therefore, were confined to those which could be justified in terms of revenue yields or in terms of the need to safeguard State revenues. James Leedman, the member of the ACT Advisory Council who had introduced the motion condemning the stamp duty in the Council, said he strongly opposed the introduction of the duty because of the complete lack of information to prove its necessity, the attitude of the Treasurer, because it was a State-type tax, because it would affect lower income groups, and because it showed a complete disregard for the residents of the ACT who could not express their feelings by direct political action [Canberra Times on 1 April 1969].

Notwithstanding the views of the people of the ACT, the Australian Capital Territory Stamp Duty Ordinance (No. 48 of 1969) imposing stamp duty in the ACT was assented to on 14 June 1969. On 21 June 1969 the Canberra Times reported (Figure 3, left) that 'stamp tax begins in ACT on July 1 [1969]: Details of the new ACT stamp duty to come into operation at the beginning of next month were issued yesterday by the Acting Commissioner of Taxation, Mr P. J. Lanigan. The duty will affect cheques, bills of exchange, promissory notes, hire-purchase arrangements, insurance, conveyances of land interests, and transfers of marketable securities. Taxation Department staff will be available to answer inquiries regarding the charges. These should be addressed to the ACT Taxation Department, West Row, Canberra City.

The Canberra Times reported on 1 July 1969 that Canberra post offices have reported heavy sales of duty stamps during the past week. The sales have been boosted by large purchases by businesses, preparing for the new 5c stamp duty on all cheques which comes into force in the ACT today.

On 1 July 1969 stamp duty began in the ACT. The duty affected cheques, bills of exchange, promissory notes, hire-purchase arrangements, insurance, conveyances of land interests, and transfers of marketable securities. All cheques drawn on banks in the ACT on or after July 1 1969 were subject to a duty of 5c. Cheques with imprints or perforations indicating that the duty has been paid will be available from banks. Stamps may be needed. A cheque without a duty paid imprint will need to have a 5c duty stamp affixed, which must be cancelled by the drawer by writing his name and date across the stamp. ACT duty stamps will be available from all post offices. A duty stamp must be affixed also to any bill of exchange or promissory note after July 1. A duty of 1¼ per cent of the purchase price under the agreement will be charged on all hire purchase agreements of over \$100. Insurers will have to pay a duty of 5 per cent on premiums received in the ACT in regard to property insured in the ACT and insurance effected in the ACT. Life insurance, compulsory third-party insurance for motor vehicles and workers' compensation insurance are not dutiable. Conveyances of interest of land will be.

ACT Duty Stamps



Figure 4

Ten adhesive stamps (Figure 4) were issued shortly before 1 July 1969 for the new tax featuring a stylised Canberra Coat of Arms which had been granted to the City of Canberra in 1928 and depicts symbols of Government (crown, mace, sword, castle, castle gate), the white rose of the Duke of York [King George VI] who opened the original parliament house in 1927, a gum tree (behind the castle gate) and the motto ‘For the Queen [King], the Law and the People’. The supporters are a Black Swan on the left and a Mute [white] Swan on the right.

The stamps feature a stylised version of the coat of arms which does not show the motto or the gum tree. In addition, the two swans are stylised so that they both appear similar and it is not apparent that the swan on the left is meant to be a Black Swan and that on the right a Mute Swan.

TABLE 1 RATES OF STAMP DUTY 1 JULY 1969

First Column Item No.	Second Column Class of Instruments	Third Column Rate of Stamp Duty
1	Cheque drawn or made on a banker at a branch of the banker in the Territory	5 cents
2	Bill of exchange or promissory note (not being a cheque) drawn, made, negotiated, presented for payment, or paid, in the Territory	5 cents
3	Hire-purchase agreement entered into by the owner in the Territory	1¼ per centum of the purchase price under the agreement
4	Transfer, or an agreement for a transfer, of an estate in fee simple in land situated in the Territory	\$1 for every \$100, and for any fractional part of \$100, of the value of the interest in the land transferred or agreed to be transferred
5	Transfer, or an agreement for a transfer, of a Crown lease for a term exceeding five years of land situated in the Territory	\$1 for every \$100, and for any fractional part of \$100, of the value of the interest in the land transferred or agreed to be transferred
6	Lease of land situated in the Territory	\$1 for every \$100, and for any fractional part of \$100, of the total amount or value of any consideration (not being rent) given or agreed to be given in respect of the lease, and 30 cents for every \$100, and for any fractional part of \$100, of the total amount or value of the consideration by way of rent for the term of the lease specified in the lease
7	Transfer or assignment, or an agreement for a transfer or assignment, of a lease, other than a Crown lease for a term exceeding five years, of land situated in the Territory	\$1 for every \$100, and for any fractional part of \$100, of the total amount or value of any consideration given or agreed to be given in respect of the transfer or assignment
8	Transfer of a marketable security that is registered in a register kept by a company in the Territory	5 cents for every \$12.50, and for any fractional part of \$12.50, of the unencumbered value of the marketable security

The issued stamps (Figure 4) were 5c violet, 10c light green, 15c pink, 20c blue, 50c brown-red, 75c red, \$1 black, \$2 orange, \$5 green and \$10 bright purple. 'ACT' and the denomination were printed in black (cent values) or red (dollar values). The first issues were printed by offset on C of A watermarked paper by the Note Printing Branch and were comb perforated 14¼ x14. Later issues of many (all?) values occurred on a white unwatermarked paper. Dingle Smith has previously written on these stamps in *Capital Philately* Vol 27 No 3 pp 2-13.

The initial rates of stamp duty in the ACT are given in Table 1.

While mint and used copies of the stamps can be found, there have been no reports of the stamps used on document, although there is one piece from a transfer document. The author would appreciate advice and scans of any ACT Duty stamps used on documents.

Discontinuation of ACT Duty Stamps

While originally introduced by the Commonwealth Government the use of Stamp Duty Stamps did continue after Self Government in 1989, however, their use was much diminished.

On 3 May 1990, the *Stamp Duties and Taxes (Amendment) Bill 1990* was introduced into the ACT Legislative Assembly. Introducing the Bill, Craig Duby, Minister for Finance and Urban Services, said that *the option of affixing adhesive stamps on the transfer of marketable securities and conveyances will be removed. With the replacement of stamp duty on cheques, bills of exchange and hire purchase agreements by financial institutions duty, the need for duty stamps has greatly diminished. It is also considered inappropriate that documents such as share transfers which can be worth millions of dollars can be stamped without assessment by the commissioner. The proposed amendments will ensure that all dutiable documents in future are lodged with the commissioner for assessment. Persons holding stocks of unused duty stamps will be given until 1 December 1990 to obtain a refund.*

ACT Conveyancing Stamps

One other revenue stamp used in the ACT around 1990 was a stamp intended to pay a fee associated with conveyancing. Elspeth Bodley comments *in conveyancing transactions the buyer's solicitor has to make sure that the water rates are paid up to the date of settlement (with an addition to the purchase price to reimburse the seller for the amount of rates paid beyond the settlement date). ACTEW [ACT Electricity and Water] provided a form and, to simplify payment of their fee produced these booklets: 5 x \$20 stamps per book, consecutively numbered: \$100 per book, so they were closely guarded in the solicitor's office. The stamp was stuck on the foot of the form and sent to ACTEW who then faxed back the details. All the stamps came from ACTEW and went back to them, so there must be very few available. My recollection is that there were two different pictures, both very attractive. Dingle Smith notes that one design featured a picture of the [old] Cotter Dam. Courtesy of Dingle, Figure 5 (right) shows the cover of the booklet the stamps came in. The stamps have also been described in Dingle's article in *Capital Philately* Vol 27 No 3 pp 2-13.*

If you have a copy of the stamp (s) or an image could you please let me know.

