Business Boost: stamp duty on 'wet hires' abolished

Territory businesses providing contractor services on major projects - including railway, gas and other construction developments - will receive a financial boost with Chief Minister, Clare Martin, announcing that stamp duty on ‘wet hires’ would cease from today.

Ms Martin said the new tax rules affected the hiring of equipment with an operator, which is generally termed a ‘wet hire’ arrangement.

"Until today, wet hire arrangements were categorised as either a contract for services (which is not subject to stamp duty) or a hiring arrangement (which is subject to stamp duty)," she said.

"Importantly though, under the current law, ‘wet hires’ are considered hiring arrangements where the operator is under the direct control of the person hiring the equipment."

Ms Martin said the issue emerged recently with many of the arrangements for railway contractors falling into the latter taxable hiring area because of this element of direct control.

"The implications of this are that many owner/operators of equipment are liable to hiring duty and have to pay this extra stamp duty.

"But this exemption will fix that from here on, not only for the railway, but also to assist a number of other industries that pay duty on ‘wet hire’ arrangements."

The Chief Minister said that all other States, and the ACT, had excluded ‘wet hire’ transactions from this stamp duty and the Territory was adopting this same treatment as part of its 2002-03 Budget revenue measures.

The exemption applies from today with the necessary legislative amendments to be moved during the August Budget sittings.

Ms Martin said attempts to make the exemption retrospective were problematic since, in many instances, hirers have already passed the tax on to their customers.

"Stamp duty on receipts from existing ‘wet hire’ arrangements will continue to accrue and be payable up to today - but will be exempt from here onwards."