# Australian State and Territory Budgets 2025-26

Victoria and Northern Territory

May 2025

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**Victoria and the Northern Territory handed down their FY 25/26 budgets on 13 and 20 May, respectively.**

**Victoria has extended its temporary stamp duty concession for off the plan apartments.**

**Prior to the Budget, the Victorian Emergency Services and Volunteers Fund levy passed both houses of Parliament, replacing the Fire Services Property Levy.**

**The Northern Territory broadened its stamp duty concessions available to charities and other not-for-profits.**

## Victoria

The Victorian Government delivered its Budget on 20 May 2025. As a result of Budget announcements and recent legislative changes, Victoria's State taxation regime has had minor changes, including:

1. Budget measure: extension of the stamp duty concession for off the plan apartments, units and townhouses.
2. Budget announcement: updates on the implementation of the Commercial and Industrial Property Tax (CIPT).
3. Pre-budget measure: the introduction of the Emergency Services and Volunteers Fund (ESVF) through the passing of the *Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025* (Vic).

### Off the plan duty concession

On 21 October 2024, the Victorian Government introduced a temporary off the plan transfer duty concession.

The concession was to end on 21 October 2025, however, as part of the 2025-26 Budget measures, the concession has been extended for a further 12-months to end on 21 October 2026.

The concession will continue to be available for off the plan purchases of dwellings (including apartments, townhouses and units) within strata subdivisions where the contract is entered between 21 October 2024 and 21 October 2026 (regardless of when settlement occurs). Non-strata townhouses remain outside the concession.

The benefit of the concession is that it will allow the purchaser to deduct the construction costs incurred on or after the date the contract is entered into when determining the dutiable value of the purchaser's property (resulting in reduced duty payable). Unlike historical versions of the concession, the current concession does not have requirements concerning maximum dutiable value, or acquirer status (eg company, trust or individual), or principal place of residence intention.

### Commercial and Industrial Property Tax Update

The Victorian Government announced that since its implementation on 1 July 2024, more than 3,700 properties have entered the reform which the Victorian Government expects will result in $457 million less stamp duty revenue between 2025 and 2029.

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### New Emergency Services and Volunteers Fund

The Fire Services Property Levy (FSPL) which was introduced by the Victorian Parliament in 2012 has been replaced by the ESVF in a pre-budget measure.

The new ESVF will retain the general structure of the FSPL which includes two components:

- A fixed charge component which will continue to be indexed to inflation.
- A percentage of the property's Capital Improved Value (CIV).

Additionally, the usage of the property according to its Australian Valuation Property Classification Code (AVPCC) will continue to determine the value of the fixed charge and variable component.

The key differences between the FSPL and ESVF are: an expansion of the number of organisations funded under the regime; and an increase in the variable component stated to compensate for the increase in the scope of the ESVF. The changes to the variable component and the indexation to the fixed component are outlined in Table 1.

The ESVF will also have the following differences to the FSPL:

- The vacant land category will be abolished and replaced by the property's AVPCC.
- Residential land that is not a principal place of residence (PPR) will be subject to the non-residential fixed charge.
- As a result of amendments to the Valuation of Land Act 1960 (Vic) (VL Act) in 2023, items fixed to the land will be included in the calculation of the CIV upon which the variable component of the levy is calculated.

### Why does this matter?

Historically, under the FSPL regime, assets that were not fixtures were not included in the CIV and thus not subject to the FSPL. This was confirmed in a 2021 Victorian Court of Appeal decision.

However, following the decision, the VL Act was amended to include the value of items affixed to land (including owned by tenants) in the CIV, regardless of who owned the items and whether the items are considered fixtures at law.

As a result of this amendment, there have been significant impacts on freehold owning renewable energy operators, as well as landowners (often farmers) who lease their property to energy operators of wind and solar farms. As the CIV includes such affixed items, this led to an increase in the FSPL payable. As the FSPL has been replaced with the ESVF, and the ESVF has significantly increased variable rates, the changes represent a further significant levy impost.

| | Variable Rate (cents/$1,000 CIV) | | Fixed Charge | |
|---|---|---|---|---|
| | FSPL | ESVF | FSPL | ESVF |
| Residential PPR | 8.7 | 17.3 | 132 | 136 |
| Residential non-PPR | 8.7 | 17.3 | 132 | 136* |
| Commercial | 66.4 | 133 | 267 | 275 |
| Industrial | 81.1 | 133 | 267 | 275 |
| Primary Production | 28.7 | 71.8 | 267 | 275 |
| Public Benefit | 5.7 | 5.7 | 267 | 275 |
| Vacant | 29 | Category Abolished | 267 | Category Abolished |

* Increases to the fixed charge appliable to non-residential property on 1 July 2026

**Table 1: Comparison of Rates Between the FSPL and ESVF**
**Source: Department of Treasury and Finance**

By way of example, the under the FSPL regime a property which was categorised as 'primary production' land with a CIV of $10m, a total of $3,137 would be charged ($10m/$1k *0.287+$267). In contrast, under the new ESVF a total of $7,447 ($10m/$1k*0.718+$275) would be charged.

## Northern Territory

The Northern Territory Government delivered its budget on 13 May 2025. The Budget includes initiatives relating to payroll tax and stamp duty exemptions regarding charities and not-for-profit entities.

### Key Changes

Stamp duty revenue for 2024–25 is projected to be $54 million higher than forecasted in the 2024 PEFO, driven by a number of large commercial property transactions and increased residential sales volumes. Against this backdrop, the 2025–26 Northern Territory Budget introduced reforms to simplify and broaden stamp duty exemptions for charities and not-for-profit entities by removing the existing 'commercial and competitive' use requirement.

These changes align with payroll tax amendments and mean that eligible entities will no longer need to demonstrate that acquired property is used solely in the manner that is not 'commercial or competitive' to access the stamp duty exemptions.

This will be achieved by removing the condition that the property must be used for an 'exempt use'. This will be applicable to service providers that support aged care, child care and disability/affordable housing.

The proposed reforms will be introduced by the Revenue Legislation Amendment Bill 2025 (NT) and if passed, the changes will take effect from 1 July 2025.

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