

Information Circular No: 17

Land Tax Act 1936 *Land Tax (Miscellaneous) Amendment Act 2010*

Summary of Changes

Issued 15 July 2010

The *Land Tax (Miscellaneous) Amendment Act 2010* (the "Amendment Act") was assented to on 1 July 2010 and implements the land tax relief measures announced as part of the Government's 2009-10 Mid Year Budget Review together with three further exemptions.

Mike Walker
 COMMISSIONER OF STATE TAXATION
 15 July 2010

Mid-year Budget review measures

The land tax rates and thresholds for the 2009-10 financial year were:

Total taxable site value	Amount of Tax
Below \$110 000	Nil
\$110 001 to \$350 000	\$0.30 for every \$100 or part of \$100 above \$110 000
\$350 001 to \$550 000	\$720 plus \$0.70 for every \$100 or part of \$100 above \$350 000
\$550 001 to \$750 000	\$2120 plus \$1.65 for every \$100 or part of \$100 above \$550 000
\$750 001 to \$1 000 000	\$5420 plus \$2.40 for every \$100 or part of \$100 above \$750 000
Over \$1 000 000	\$11 420 plus \$3.70 for every \$100 or part of \$100 above \$1 000 000

From the 2010-11 financial year the Amendment Act operates to:

- ▶ increase the tax free threshold from \$110 000 to \$300 000;
- ▶ adjust the subsequent land tax bracket to between \$300 001 and \$550 000;
- ▶ introduce a tax rate for that bracket of 0.5 per cent; and
- ▶ increase the top band of the following bracket from \$750 000 to \$800 000.

The new rates and thresholds for the 2010-11 financial year are as follows:

Total taxable site value	Amount of Tax
Below \$300 000	Nil
\$300 001 to \$550 000	\$0.50 for every \$100 or part of \$100 above \$300 000
\$550 001 to \$800 000	\$1250 plus \$1.65 for every \$100 or part of \$100 above \$550 000
\$800 001 to \$1 000 000	\$5375 plus \$2.40 for every \$100 or part of \$100 above \$800 000
Over \$1 000 000	\$10 175 plus \$3.70 for every \$100 or part of \$100 above \$1 000 000

In addition from the 2011-12 financial year, all land tax thresholds will be indexed by the average percentage change in site values in the relevant year as determined by the Valuer-General having regard to the *Valuation of Land Act 1971* and the *Land Tax Act 1936* (the "Act").

On or before 30 June in each financial year, the Valuer-General will publish a Notice in the Gazette setting out the average percentage change in land values and the index value relevant to the adjustment of thresholds.

The Commissioner of State Taxation will, on or after the publishing of the Valuer General's Notice, publish a Notice in the Gazette setting out the adjusted thresholds relevant to the land tax year.

There will be no reductions in thresholds if the average percentage change in site value is negative.

Exemptions

Aged Care Facilities

From the 2009-10 financial year, the Act now provides a land tax exemption for land that is used as a residential aged care facility approved under the *Aged Care Act 1997* (Cwlth).

If only part of the land is used for the purpose of residential care for the aged, a partial exemption will be given based on the proportion of the land used for the exempt purpose.

'Residential care' has the same meaning as in the *Aged Care Act 1997*.

This implements an initiative from the 2009 State Budget and ensures that both profit and not-for-profit organisations that operate approved aged care facilities will be exempt from land tax.

Destroyed or Uninhabitable Buildings

From the 2010-11 financial year, the Amendment Act also provides for an exemption from land tax for up to three years in situations where an owner's principal place of residence is destroyed or rendered uninhabitable by an occurrence for which the owner is not responsible or which resulted from an accident.

The exemption will apply where:

- ▶ the person has ceased to occupy any building on the land of a predominantly residential character because it has been destroyed or rendered uninhabitable by an occurrence for which the person is not responsible (whether directly or indirectly) or which resulted from an accident;
- ▶ any such building constituted the person's principal place of residence immediately before the date on which the building was destroyed or rendered uninhabitable;
- ▶ the person intends to repair or rebuild the building within a period of three (3) years from the date on which the building was destroyed or rendered uninhabitable;
- ▶ the buildings on the land will, after the completion of building work, have a predominantly residential character;
- ▶ the person intends to occupy the land as his or her principal place of residence after the completion of the building work; and
- ▶ the person is not receiving a principal place of residence exemption for another property at the same time.

The exemption will apply for a maximum of three (3) financial years.

A person is not eligible for a waiver or refund of land tax for a financial year that immediately follows a period of three (3) financial years for which the person has had the benefit of abovementioned exemption in respect of the same land.

Motels, Hotels, Serviced Apartments and other similar accommodation

The Amendment Act also provides an exemption where:

- ▶ the land is owned by a natural person and constitutes his or her principal place of residence (whether or not he or she is the sole owner of the land); and
 - the buildings on the land are used for the purposes of a hotel, motel, set of serviced holiday apartments or other similar accommodation; and
 - more than 75% of the total floor area of all buildings on the land is used for the person's principal place of residence.

Land may be partially exempted from land tax by reducing its taxable value in accordance with the scale prescribed in Section 5(12) of the Act if:

- ▶ the land is owned by a natural person and constitutes his or her principal place of residence (whether or not he or she is the sole owner of the land); and
 - the buildings on the land are used for the purposes of a hotel, motel, set of serviced holiday apartments or other similar accommodation; and
 - 25% or more of the total floor area of all buildings on the land is used for the person's principal place of residence.

For the purposes of the scale prescribed in Section 5(12) of the Act, the area used for the hotel, motel, set of serviced holiday apartments or other similar accommodation will be taken to be the area used for business or commercial purposes.

Further Information

Further information can be obtained from RevenueSA.

Location	RevenueSA State Administration Centre 200 Victoria Square East ADELAIDE SA 5000
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