

This Guide contains useful information on land tax for the 2019-20 financial year.

Further information is available from RevenueSA or online at www.revenuesa.sa.gov.au

WHAT IS LAND TAX?

Land ownership, site value (not capital value) and land use as at midnight 30 June each year are used to determine the land tax for the forthcoming financial year. Land tax revenue assists in the provision of public services such as education, health and public safety.

WHO IS LIABLE FOR PAYMENT OF LAND TAX?

The owner of the land as at midnight 30 June is liable to pay the land tax assessed for the forthcoming financial year. Where the land was sold after 30 June, the vendor (seller) is still liable for the land tax.

WHY IS THIS THE FIRST TIME I HAVE RECEIVED A NOTICE OF LAND TAX ASSESSMENT?

- The total taxable site value of all taxable land owned by you as at 30 June may now exceed the tax-free threshold of \$391,000.
- You may have bought additional land in the last financial year.
- Land previously exempt from land tax may now no longer satisfy the exemption criteria.

LAND SOLD DURING THE FINANCIAL YEAR

It is a common practice (and sometimes a contractual requirement) for land conveyancers to arrange a proportional adjustment between the purchaser and the vendor of land, for any applicable land tax at the time of land settlement. This adjustment should be calculated as if the property being sold is the only taxable property in the ownership.

EXEMPTION FROM LAND TAX

Subject to conditions, an exemption and/or refund of land tax is available for:

Land used as the Owner's Principal Place of Residence

1. Where land constitutes the principal place of residence of the owner at midnight 30 June:
 - (a) a full exemption is available where:
 - the land is owned by a natural person (whether or not he/she is the sole owner of the land);
 - the buildings on the land have a predominately residential character; and
 - less than 25% of the total floor area of all buildings on the land are used for any business or commercial purpose (other than the business of primary production) or less than 25% of the total floor area of the buildings on the land are used for the purposes of a hotel, motel, set of serviced holiday apartments or other similar accommodation.
 - (b) a partial exemption is available where the first two full exemption criteria mentioned above are met and between 25% and 75% of the total floor area of all buildings (including sheds, garages etc.) on the land are used for any business or commercial purpose (other than the business of primary production) or where between 25% and 75% of the total floor area of the buildings on the land are used for the purposes of a hotel, motel, set of serviced holiday apartments or other similar accommodation. A sliding scale of exemption exists in these circumstances, ranging from 25% to 75% reduction in the taxable value of land. In this situation a Notice of Land Tax Assessment will indicate a taxable site value that is correspondingly less than the site value of the land as determined by the Valuer-General.
2. Where the land becomes the principal place of residence of the owner after 30 June (i.e. between 1 July and 30 June in the year of assessment), the exemption described in 1(a) or (b) above, or a refund, may be available in any of the following circumstances:
 - where at 30 June a person owns land on which a home is either to be constructed or is in the process of being constructed and where owner occupation has occurred during the financial year for which the exemption is sought. If an exemption has been granted on another property, then that property must be sold during the financial year for an exemption to be considered within the same financial year for their new principal place of residence; or
 - where a person is in the process of selling their principal place of residence and as a result owns two properties at 30 June,
 - one of which is the current principal place of residence (and eligible for exemption) and the other is the intended but not yet occupied principal place of residence (and liable for land tax); or
 - one of which was their principal place of residence (and liable for land tax) and the other is now their principal place of residence (and eligible for an exemption):Relief will be made available on both properties provided no income is received from either property (when not occupied by the owner) during the period that the homes are owned concurrently and the former residence is sold prior to the end of the financial year in which the exemption on the new residence is sought; or
 - where a person purchases a property as their principal place of residence which was taxable in the ownership of the vendor and in accordance with contractual arrangements, the land tax payable is apportioned between the vendor and purchaser.
3. Where an owner's principal place of residence is destroyed or rendered uninhabitable by an occurrence outside the owner's control they may be entitled to an exemption for a period of up to three years provided the owner intends to repair or rebuild the building within three years from the date it was destroyed or rendered uninhabitable. An owner will only be eligible to claim one principal place of residence exemption in any financial year.
4. Where an owner moves out of their principal place of residence to rebuild or renovate, the owner has the ability to maintain their exemption for two financial years notwithstanding they may reside at another property they own during the duration of the rebuild/renovation. Only one exemption is available and the owner may elect which property to apply the exemption for the two year period. Owners who only own one property are able to maintain their exemption whilst they rebuild/renovate for two financial years, notwithstanding they may be residing in a rental or with relatives. See information Circular 91 for more information.

Land used for Primary Production

If the land is situated *outside* the “defined rural area” of the State (i.e. predominately outside the greater metropolitan areas of Adelaide and Mt Gambier) a primary production exemption is available if:

- the land is 0.8 hectare or greater in area; and
- the Commissioner of State Taxation is satisfied that the land is used wholly or mainly for the business of primary production.

If the land is situated *inside* the “defined rural area”, besides meeting the two conditions mentioned above, further conditions apply depending on how the land is owned. Further information (*Primary Production Exemption Information Sheet*) and an application form is available from RevenueSA or online at www.revenuesa.sa.gov.au.

Other Exemptions

Subject to conditions, other exemptions from land tax include:

- land used for religious, hospital or library purposes.
- land owned, let to or occupied by an association whose objects are/include supplying assistance to helpless persons.
- land owned, let to or occupied by an association which receives an annual grant or subsidy from money voted by Parliament.
- land owned by an association whose object(s) is/include the conservation of native fauna or flora.
- land owned or occupied without payment by a person or association carrying on an educational institution not for profit.
- land owned by an association established for a charitable, educational, benevolent, religious, or philanthropic purpose.
- land owned by an association established for sporting or racing purposes, or land that is held wholly or mainly for sporting or racing purposes (other than vacant or residential land).
- land owned by a prescribed body and used for the benefit of the Aboriginal people.
- land that is a caravan park.
- land that is a supported residential facility and licensed as such under the *Supported Residential Facilities Act 1992*; a retirement village occupied by a natural person as his or her principal place of residence; or a retired persons’ relocatable home park occupied by a natural person as his or her principal place of residence.
- land that is used wholly or partly for the provision of residential care by an approved provider within the meaning of the *Aged Care Act 1997* (Commonwealth).

If you believe your land qualifies for any of these other exemptions, please contact RevenueSA in writing prior to the Due Date on your Notice of Land Tax Assessment.

MINOR INTERESTS IN LAND

Where land is owned jointly, a person holding a minor interest may be taken **not** to be an owner for land tax purposes. Please refer to “Minor Interests in Land” at www.revenuesa.sa.gov.au and the Land Tax Guide to Legislation for more information.

LAND HELD ON TRUST

Where land is held by an individual or organisation on trust, the owner/trustee can have the land assessed separately from the land owned by the trustee in another capacity. Further information and an application form is available from RevenueSA or online at www.revenuesa.sa.gov.au. Applications for trust recognition must be lodged in the form approved by the Commissioner of State Taxation in the financial year to which the liability relates.

SHACK SITES

Shack site lessees of privately owned land are deemed to be the owner where:

- the shack site is situated on or adjacent to the banks of the River Murray, a tributary of the River Murray, or a lake or lagoon connected with the River Murray or a tributary of the River Murray;
- a registered lease existed as at midnight 30 June 1989 over the land; and
- the term of the lease is at least 40 years.

Further, the occupier of land in a defined shack-site area is similarly deemed to be the land tax owner. Shack-site areas have been defined as council areas where land deemed to be shack site land by the Valuer-General exists.

INSTALMENT ARRANGEMENTS

Payment by four quarterly instalments is provided for land tax. If you wish to organise a longer plan of up to 12 monthly instalments, please contact RevenueSA on **8204 9870 prior to the Due Date on the original Notice of Land Tax Assessment.**

HOW IS LAND TAX CALCULATED?

Land tax is calculated on the basis of the total taxable site value of all land owned (by an owner or a group of owners) as at midnight 30 June. Land tax rates are:

Total Taxable Site Value	Tax Rate
Up to \$391 000	Nil
\$391 001 to \$716 000	\$ 0.50 for every \$100 or fractional part of \$100 over \$391 000
\$716 001 to \$1 042 000	\$ 1625.00 plus \$1.65 for every \$100 or fractional part of \$100 over \$716 000
\$1 042 001 to \$1 302 000	\$ 7004.00 plus \$2.40 for every \$100 or fractional part of \$100 over \$1 042 000
Over \$1 302 000	\$ 13 244.00 plus \$3.70 for every \$100 or fractional part of \$100 over \$1 302 000

Where an owner owns more than one taxable property, land tax is apportioned to each taxable property within the ownership based on the taxable site value of each taxable property (**see example below**).

A person owns two taxable properties: Property A (with a site value of \$320 000) and Property B (with a site value of \$460 000). Land tax on \$780 000 is calculated as follows:

Tax on the first \$716 000	=	\$	1625.00
plus tax on \$716 001 to \$780 000 (i.e. \$64 000 @ \$1.65 for every \$100 or fractional part of \$100)	=	\$	1056.00
Total land tax payable	=	\$	2681.00

The total land tax payable (\$2681.00) is apportioned on the Notice of Land Tax Assessment as follows:

Property A =	$\frac{\text{site value of property } (\$320\,000)}{\text{total taxable site value } (\$780\,000)}$	x	\$2681.00	=	\$	1099.90
Property B =	$\frac{\text{site value of property } (\$460\,000)}{\text{total taxable site value } (\$780\,000)}$	x	\$2681.00	=	\$	1581.10

Refer to website www.revenuesa.sa.gov.au for more examples and a land tax calculator.

Total = \$ 2681.00