

Land Tax

Transition Fund Guidelines



Overview

Transitional relief will be available for taxpayers who have an increase in their land tax assessment in the relevant year as a result of the changes in the aggregation of land owned which came into effect from midnight on 30 June 2020, subject to the criteria outlined below.

Relief is available on Land Tax Assessments for the 2020-21, 2021-22, and 2022-23 financial years.

Applications

RevenueSA must receive applications for relief for 2020-21 Land Tax Assessments by 31 December 2021.

Eligibility

The **relevant increase** (see 'Calculation of relevant increase' below) in a taxpayer's Land Tax Assessment in the **relevant year** must be:

- ▶ greater than \$2,500; and
- ▶ less than or equal to \$102,500.

A taxpayer with an increase in their Land Tax Assessment above \$102,500 is not eligible for any relief.

Taxpayers are not eligible for relief on increases resulting from higher trust rates of land tax that may be payable by trusts.

Taxpayers will also not be eligible for relief if the increase in land tax assessed is the result of:

- ▶ a nomination of beneficiaries/unitholders/a designated beneficiary (for fixed trusts, unit trust schemes and discretionary trusts respectively;
- ▶ purchasing additional land;
- ▶ an exemption from land tax no longer applying; and/or
- ▶ an increase in site value.

Taxpayers with outstanding land tax obligations relating to prior years' liabilities need to have entered into a payment arrangement with RevenueSA to be eligible for relief. If a taxpayer has any outstanding land tax debt with RevenueSA, the relief will reduce the outstanding debt before a refund will be provided.

Relief Amount

Eligible taxpayers can receive relief on a percentage of the increase above \$2,500. The percentage varies in each year as shown in the table below:

Land Tax Year	Relevant Percentage
2020-21	100%
2021-22	70%
2022-23	15%

The **relief amount** is:

$$\text{Relief amount} = (\text{relevant increase} - \$2,500) \times \text{relevant percentage}$$

Calculation of Relevant Increase

The **relevant year** is the land tax year the relief application relates to.

The **relevant interests** are all interests in land owned by the taxpayer as at midnight 16 October 2019 and still owned as at midnight 30 June immediately preceding the **relevant year**. Interests include land owned individually and any share in jointly owned land. Interests acquired, or disposed of, after midnight 16 October 2019 (including any interests resulting from a notice of beneficial interest(s) / unit holdings or a designated beneficiary being in place) are not included in any calculations.

The **relevant increase** is:

$$\text{Relevant increase} = (\text{Land tax}^A - \text{Land tax}^B)$$

Where:

- ▶ Land tax^A is the land tax that the taxpayer would have been liable for on:
 - ▶ their relevant interests;
 - ▶ in the relevant year;
 - ▶ using relevant year site values; and
 - ▶ applying the relevant year aggregation approach, general (non-trust) rates, and thresholds.
- ▶ Land tax^B is the land tax that the taxpayer would have been liable for on:
 - ▶ their relevant interests;
 - ▶ in the relevant year;
 - ▶ using relevant year site values; and
 - ▶ applying the 2019-20 financial year aggregation approach, tax rates, and thresholds.
- ▶ Land tax on joint ownerships is calculated on the total value of the land in that ownership and then apportioned according to the ratio of the owner's individual interest in the land to the total interests in that land.

Examples

To allow for a direct comparison between the existing and new land tax measures, the examples assume no growth in site value of the land.

Thresholds are indexed annually by average site value growth determined by the Valuer-General. As such, estimates of land tax thresholds from 2021-22 have been made for the purposes of the examples on the following pages.

More information: revenuesa.sa.gov.au/landtax

taxexgratia@sa.gov.au | (08) 8226 3750 (select option 2)

Example 1: Eligible - no change in land owned

As at midnight 16 October 2019:

- ▶ Mr Smith owns a 50% share in four different ownerships, each with a site value of \$500,000.
- ▶ Mr Smith also owns land individually with a site value of \$500,000.

2020-21 relief

As at midnight 30 June 2020, there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2020-21 individual land tax liability and share of the jointly owned land liability is \$15,037.50.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$1,635.

Change in liability in the 2020-21 year:

- ▶ Mr Smith's land tax liability has increased by \$13,402.50.
- ▶ As this is greater than \$2,500, Mr Smith is eligible for transitional relief in 2020-21.
- ▶ In 2020-21, the **relief will be \$10,902.50** (100% of the increase over \$2,500).

2021-22 relief

As at midnight 30 June 2021, there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2021-22 individual land tax liability and share of the jointly owned land liability is \$13,940.00.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$1,635.

Change in liability in the 2021-22 year:

- ▶ Mr Smith's land tax liability has increased by \$12,305.00.
- ▶ As this is greater than \$2,500, Mr Smith is eligible for transitional relief in 2021-22.
- ▶ In 2021-22, the **relief will be \$6,863.50** (70% of the increase over \$2,500).

2022-23 relief

As at midnight 30 June 2022, there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2022-23 individual land tax liability and share of the jointly owned land liability is estimated to be \$12,620.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$1,635.

Change in liability in the 2022-23 year:

- ▶ Mr Smith's land tax liability has increased by \$10,985.00.
- ▶ As this is greater than \$2,500, Mr Smith is eligible for transitional relief in 2022-23.
- ▶ In 2022-23, the **relief will be \$1,272.75** (15% of the increase over \$2,500).

Example 2: Not Eligible - no change in land owned

As at midnight 16 October 2019:

- ▶ Mr Smith owns a 50% share in one ownership with a site value of \$500,000.
- ▶ Mr Smith also owns land individually with a site value of \$500,000.

2020-21 relief

As at midnight 30 June 2020, there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2020-21 individual land tax liability and share of the jointly owned land liability is \$1,702.50.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2020-21 year:

- ▶ Mr Smith's land tax liability has increased by \$885.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2020-21.

2021-22 relief

As at midnight 30 June 2021 there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2021-22 individual land tax liability and share of the jointly owned land liability is \$1,340.00.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2021-22 year:

- ▶ Mr Smith's land tax liability has increased by \$522.50.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2021-22.

2022-23 relief

As at midnight 30 June 2022 there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2022-23 individual land tax liability and share of the jointly owned land liability is estimated to be \$1,365.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2022-23 year:

- ▶ Mr Smith's land tax liability has increased by \$547.50.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2022-23.

Example 3: Disposal of properties

As at midnight 16 October 2019:

- ▶ Mr Smith owns a 50% share in two different ownerships, each with a site value of \$500,000.
- ▶ Mr Smith also owns land individually with a site value of \$500,000.

2020-21 relief

As at midnight 30 June 2020, there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2020-21 individual land tax liability and share of the jointly owned land liability is \$4,827.50.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$1,090.

Change in liability in the 2020-21 year:

- ▶ Mr Smith's land tax liability has increased by \$3,737.50.
- ▶ As this is greater than \$2,500, Mr Smith is eligible for transitional relief in 2020-21.
- ▶ In 2020-21, the **relief will be \$1,237.50** (100% of the increase over \$2,500).

2021-22 relief

As at midnight 30 June 2021, Mr Smith has sold his interest in one of the joint ownerships and invested in another joint ownership.

For the purposes of calculating the relief, the only relevant properties are those which were owned at 16 October 2019 and are *still* owned as at midnight 30 June 2021 (that is, one interest in a joint ownership and the land owned individually).

With regard to only the relevant properties:

- ▶ Mr Smith's 2021-22 individual land tax liability and share of the jointly owned land liability is \$1,340.00,

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2021-22 year:

- ▶ Mr Smith's land tax liability on the relevant properties has increased by \$522.50.
- ▶ As this is less than \$2500, Mr Smith is **not eligible for transitional relief** in 2021-22,

2022-23 relief

As at midnight 30 June 2022, there has been no change in Mr Smith's land holdings from the previous year.

With regard to only the relevant properties:

- ▶ Mr Smith's 2022-23 individual land tax liability and share of the jointly owned land liability is estimated to be \$1,365.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2022-23 year:

- ▶ Mr Smith's land tax liability on the relevant properties has increased by \$547.50.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2022-23.

Example 4: Acquisition of properties

As at midnight 16 October 2019:

- ▶ Mr Smith owns a 50% share in one ownership with a site value of \$500,000.
- ▶ Mr Smith also owns land individually with a site value of \$500,000.

2020-21 relief

As at midnight 30 June 2020, there has been no change in Mr Smith's land holdings.

- ▶ Mr Smith's 2020-21 individual land tax liability and share of the jointly owned land liability is \$1,702.50.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2020-21 year:

- ▶ Mr Smith's land tax liability has increased by \$885.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2020-21.

2021-22 relief

As at midnight 30 June 2021, Mr Smith has acquired a 50% interest in another (different) joint ownership and an additional property individually.

For the purposes of calculating the relief, the only relevant properties are those which were owned at 16 October 2019 and which are still owned as at midnight 30 June 2021 (i.e. one interest in a joint ownership, and the land owned individually).

With regard to only the relevant properties:

- ▶ Mr Smith's 2021-22 individual land tax liability and share of the jointly owned land liability is \$1,340.00.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2021-22 year:

- ▶ Mr Smith's land tax liability on the relevant properties has increased by \$522.50.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2021-22.

2022-23 relief

As at midnight 30 June 2022, there has been no change in Mr Smith's land holdings from the previous year.

With regard to only the relevant properties:

- ▶ Mr Smith's 2022-23 individual land tax liability and share of the jointly owned land liability is estimated to be \$1,365.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50,

Change in liability in the 2022-23 year:

- ▶ Mr Smith's land tax liability on the relevant properties has increased by \$547.50.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2022-23.

Example 5: No relief - exceeds maximum

As at midnight 16 October 2019:

- ▶ Corporation A is a holding company which owns 100% of the shares in its 10 subsidiary corporations.
- ▶ Each subsidiary corporation owns \$1 million in land.

2020-21 relief

As at midnight 30 June 2020, there has been no change in the landholdings of Corporation A's subsidiary companies.

- ▶ Corporation A and its subsidiary corporations will be grouped for land tax purposes, and assessed on the \$10 million in land.
- ▶ The 2020-21 land tax liability is \$219,037.50.

The liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ The total land tax liability of all the subsidiary corporations would have been \$63,110,

Change in liability in the 2020-21 year:

- ▶ The liability of Corporation A and its subsidiary corporations has increased by \$155,927.50 (that is, \$219,037.50 - \$63,110).
- ▶ As this is greater than \$102,500, Corporation A and its subsidiary corporations are **not eligible for transitional relief** in 2020-21.

2021-22 relief

As at midnight 30 June 2021, there has been no change in the landholdings of Corporation A's subsidiary companies,

- ▶ Corporation A's and its subsidiary corporations will be grouped for land tax purposes, and assessed on the \$10 million in land.
- ▶ 2021-22 land tax liability is \$217,940.00.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ The combined the land tax liability of each subsidiary corporation would have been \$63,110.

Change in liability in the 2021-22 year:

- ▶ The liability of Corporation A and its subsidiary corporations has increased by \$154,830.00.
- ▶ As this is greater than \$102,500, Corporation A and its subsidiary corporations are **not eligible for transitional relief** in 2021-22.

2022-23 relief

As at midnight 30 June 2022, there has been no change in the landholdings of Corporation A's subsidiary companies.

- ▶ Corporation A's and its subsidiary corporations will be grouped for land tax purposes, and assessed on the \$10 million in land.
- ▶ 2022-23 land tax liability is estimated to be \$214,620.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ The combined the land tax liability of each subsidiary corporation would have been \$63,110.

Change in liability in the 2022-23 year:

- ▶ The liability of Corporation A and its subsidiary corporations has increased by \$151,510.
- ▶ As this is greater than \$102,500, Corporation A and its subsidiary corporations are **not eligible for transitional relief** in 2022-23.

Example 6: Not eligible - Trust

As at midnight 16 October 2019:

- ▶ Trust A contains \$1 million in land.

2020-21 relief

As at midnight 30 June 2020, there has been no change in Trust A's land holdings. The Trustee of Trust A has not lodged any notice of beneficial interests.

- ▶ Trust A's 2020-21 land tax liability is \$9,827.50 (at the higher trust rates).

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Trust A's land tax liability would have been \$6,311.

Change in liability in the 2020-21 year:

- ▶ Trust A's land tax liability has increased by \$3,516.50.
- ▶ As this increase is only a result of the higher trust rates, Trust A is **not eligible for transitional relief** in 2020-21.

2021-22 relief

As at midnight 30 June 2021, there has been no change in Trust A's land holdings, The Trustee of Trust A has not lodged any notice of beneficial interests.

- ▶ Trust A's 2021-22 land tax liability is \$9,285.00 (at the higher trust rates).

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Trust A's land tax liability would have been \$6,311.

Change in liability in the 2021-22 year:

- ▶ Trust A's land tax liability has increased by \$2,974.00.
- ▶ As this increase is only a result of the higher trust rates, Trust A is **not eligible for transitional relief** in 2021-22.

2022-23 relief

As at midnight 30 June 2022, there has been no change in Trust A's land holdings. The Trustee of Trust A has not lodged any notice of beneficial interests.

- ▶ Trust A's 2022-23 land tax liability is estimated to be \$8,780 (at the higher trust rates),

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Trust A's land tax liability would have been \$6,311.

Change in liability in the 2022-23 year:

- ▶ Trust A's land tax liability has increased by \$2,469.
- ▶ As this increase is only a result of the higher trust rates, Trust A is **not eligible for transitional relief** in 2022-23.

Example 7: Not eligible - increase resulting from nomination of interest in trust land

As at midnight 16 October 2019:

- ▶ Mr Smith owns a 50% share in one ownership with a site value of \$500,000
- ▶ Mr Smith also owns land individually with a site value of \$500,000.

2020-21 relief

As at midnight 30 June 2020, there has been no change in Mr Smith's land holdings. The Trustee of Trust A (a unit trust in which Mr Smith holds 50% of the units that owns \$2 million of land) has lodged a notice of beneficial interests. However Mr Smith's **interest in the trust land is not included in any relief calculations.**

- ▶ Mr Smith's 2020-21 individual land tax liability and share of the jointly owned land liability is \$1,702.50.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2020-21 year:

- ▶ Mr Smith's land tax liability has increased by \$885.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2020-21.

2021-22 relief

As at midnight 30 June 2021 there has been no change in Mr Smith's land holdings (noting his interest in the trust land is not included).

- ▶ Mr Smith's 2021-22 individual land tax liability and share of the jointly owned land liability is \$1,340.00.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2021-22 year:

- ▶ Mr Smith's land tax liability has increased by \$522.50.
- ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2021-22.

2022-23 relief

As at midnight 30 June 2022 there has been no change in Mr Smith's land holdings (noting his interest in the trust land is not included),

- ▶ Mr Smith's 2022-23 individual land tax liability and share of the jointly owned land liability is estimated to be \$1,365.

Liability under the aggregation approach, tax rates and thresholds that applied in the 2019-20 year:

- ▶ Mr Smith's individual land tax liability and share of the jointly owned land liability would have been \$817.50.

Change in liability in the 2022-23 year:

- ▶ Mr Smith's land tax liability has increased by \$547.50.
 - ▶ As this is less than \$2,500, Mr Smith is **not eligible for transitional relief** in 2022-23.
-