

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Land Tax

Circular No. 133

LAND TAX (HOME UNIT COMPANIES) AMENDMENT ACT 1995

The Land Tax (Home Unit Companies) Amendment Act 1995, assented to 2 November 1995, applies from midnight on 30 June 1995. The amendments vary the method by which land tax is calculated for shareholders of Home Unit Companies.

Home Unit Company Ownership

The new provisions will result in individual shareholders of Home Unit Companies being recognised as though they are the legal owners, for land tax purposes, of the units to which they have occupancy rights. These provisions overcome problems created by the previous method of calculating land tax based on the total land holding of the Home Unit Company.

Previously the value of all of the land owned by the company was added together (except for shareholder occupied units) and assessed against the Home Unit Company. Although the Land Tax Act provided for a tax free threshold of \$50,000, this was only available once, regardless of the number of units liable for assessment of land tax.

Calculation of Land Tax

Under the new provisions, each shareholder will be treated as the legal owner for land tax purposes and land tax will be assessed to each shareholder instead of the Home Unit Company. Thus, the value of the unit will be aggregated with the value of other taxable land (if any) held by the shareholder and tax will be calculated on the amount by which the total taxable value in each such ownership exceeds \$50,000.

These provisions remove the disadvantage which holders of shares in Home Unit Companies had in comparison to the provisions applying to strata title unit holders.

Exemptions for occupying shareholders will be retained. Details of the shareholders as at 30 June 1995 will be obtained from Home Unit Companies including which unit the shareholder has the right to use. Residential exemptions will be allowed on units occupied on 30 June by the shareholder holding occupancy rights. Tax for the 1995/96 and subsequent years will be calculated on a shareholder by shareholder basis.

Notification by Secretaries of Home Unit Companies

It will be necessary for Secretaries of Home Unit Companies to notify the Land Tax Office of details of any sale of company shares.

Enquiries

Enquiries may be made to the State Taxation Office on **(08) 226 3674**.

November 1995

COMMISSIONER OF LAND TAX

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