

2000

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

RATES AND LAND TAX AMENDMENT BILL 2000

EXPLANATORY MEMORANDUM

Circulated by the authority of the Treasurer

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Rates and Land Tax Amendment Bill 2000

Outline

The *Rates and Land Tax Act 1926* (the Act) imposes general rates and land tax on property owners in the ACT. Land tax is assessed quarterly on all rateable non-residential properties and residential properties that are rented. The 3 year average unimproved value of the parcel of land, is used as the base for the calculation of land tax.

The Act imposes land tax on parcels of land that have more than one (1) residence (multiple dwelling), such as flats, dual occupancies and properties with a "granny flat" where one or more of the dwellings are rented to a tenant. At present, for land tax, the Commissioner has the discretion to apportion the 3 year average unimproved value on a fair and reasonable basis having regard to the floor area rented. In practice, the Commissioner uses a set formula to apportion the value.

The proposed Bill would replace the Commissioner's discretionary power with a statutory formula to apportion the value.

The Bill also defines dwellings to exclude garages, carports, garden sheds, verandahs, pergolas and patios or any other non-habitable structure from the calculation of land tax. It also excludes units registered under a Unit Title Plan which are covered under separate provisions in the Act.

This Bill gives the Commissioner the power to ask the owner for information about any dwelling on the parcel to assist in the apportioning of the 3 year average unimproved value in accordance with the statutory formula.

By replacing the Commissioner's discretion with a formula in the legislation for the calculation of land tax, the related objection and appeal rights are now redundant and are removed. However, taxpayers still retain the right to object to land tax assessments generally.

Revenue/Cost Implications

The Bill has no direct revenue or cost implications.

The draft Bill is attached.



Details of the Rates and Land Tax Amendment Bill 2000

PART I - PRELIMINARY

Formal Clauses

Clauses 1, 2 and 3 are formal requirements. They refer to the short title of the Act, the commencement date of the Act and define which Act is amended. The Act commences on the day on which the Act is notified in the Gazette.

Clause 4, in amending section 22DA of the *Rates and Land Tax Act 1926*, has two main aims:

- to ensure consistency and certainty in apportioning the 3 year average unimproved value for all multiple dwellings; and
- to ensure that the apportioning of the 3 year average unimproved value for multiple dwellings is consistent with the methodology used for units registered under a Unit Title Plan.
- **Clause 4(a)** replaces the Commissioner's discretionary power with a formula to apportion the 3 year average unimproved value, to ensure all owners continue to be levied land tax consistently.
- **Clause 4(b)** will ensure that details are available that enable the accurate application of the formula as defined in **clause 4(a)**.
- **Clause 4(c)** defines which structures that will be excluded as dwellings in the formula as defined in **clause 4(a)**. It also ensures that units in a Unit Title plan are not included in section 22DA as they are already covered in other provisions of the Act.

Clause 5 & 6, remove the objection and appeal rights under 22GE and 22GF which are now redundant as a consequence of clause 4 (a).