

1992

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

RATES AND LAND TAX ACT 1926

RATES AND LAND TAX REGULATIONS

EXPLANATORY MEMORANDUM

Circulated by authority of the Chief Minister

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BACKGROUND

Amendment of the Rates and Land Tax Act 1926 (the Act) made by the Rates and Land Tax (Amendment) Act (No 3) of 1991 extended the land tax base to include residential properties from 1 August 1991. A number of specific exemptions were provided in the Act including land used as the principal place of residence of the owner. Provision was also made to exempt from land tax land used for prescribed purposes. Two categories of land have been identified for exemption. These are:

Religious Residential

Residential properties owned by religious institutions and occupied by members of the religious order for the purpose of carrying out normal diocesan and parish duties and as their principal place of residence are to be made exempt. Under the Act, sites of churches are not land taxable and therefore residences used by the members of religious institutions in pursuit of their duties should also be exempt.

Similarly, land owned by a church and used as the principal place of residence of non-profit monastic communities, such as nuns and monks in pursuit of their religious activities, is to be exempt.

Company Units

Prior to the introduction of the Unit Titles Act 1970 in the ACT, some land was purchased by companies formed by shareholders to obtain home ownership. Shares in the company entitled the owner to the exclusive right to occupy a part (unit) of the building on the land. The company is liable for land tax as the owner of the land. However shareholders who occupy a part of the building as their principal place of residence should be entitled to an exemption from land tax in the same way as home owners who subsequently acquired property under the Unit Titles Act.

Outline of Regulations

The Rates and Land Tax Regulations prescribes, for the purposes of exemption from land tax under Section 22B(1)(f) of the Act, residential land used for religious purposes and for certain company residential purposes.

The details of the proposed Regulations are as follows:

Citation

Clause 1 - Provides for the name of the Regulations to be the Rates and Land Tax Regulations.

Interpretation

Clause 2 - Provides that the Act referred to in the Regulations is the Rates and Land Tax Act 1926, unless a contrary intention appears.

Exemption from land tax

Sub-Clause 3(1) - Provides that an exemption from land tax under paragraph 22B(1)(f) of the Act is prescribed for:

- a) land leased for residential purposes by a religious institution or order and occupied by a member of the religious institution or order as his or her principal place of residence and also used in the normal course of his or her religious duties;
- b) land leased for residential purposes before 1 February 1970 by a body incorporated before that date for the sole purpose of providing a place of residence for each shareholder and occupied by a shareholder as their principal place of residence;

Sub-Clause 3(2) - Provides that the meaning of certain words used in the Regulations are as set out in the Regulations being:

- "corporation" means an incorporation of the proprietors of the units;
- "unit" means a part of the relevant parcel shown on the plan; and
- "leased" does not mean sub-leased.

Application

Clause 4 - Provides for Regulation 3 to apply each financial year, commencing on 1 July 1991.