

1993

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

RATES AND LAND TAX (AMENDMENT) BILL 1993

EXPLANATORY MEMORANDUM

Circulated by the Authority of the Chief Minister and Treasurer

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RATES AND LAND TAX (AMENDMENT) BILL 1993

The Rates and Land Tax Act 1926 provides for the imposition of municipal rates and land tax in the Australian Capital Territory.

This Bill amends the Act by providing for a change to the urban and rural rates for 1993/94 and introduces a graduated scale of land tax charges for 1993/94 and future years.

General Rate

For 1993/94 the general rate is to be reduced for land in the City Area from 1.019% to 0.985% and for rural land from 0.5095% to 0.4925% to take into account the changes in valuations of unimproved land.

Land Tax

A progressive rate structure is to be introduced for land tax which will tax higher valued properties at higher rates compared to the current flat rate of one percent. Where payments are made in full by the due date the tax rates will be: 1% in respect of the first \$100,000 of unimproved value, 1.25% in respect of that portion of unimproved value between \$100,000 and \$200,000 and 1.5% in respect of that portion of unimproved value above \$200,000. Payments made by instalments and late payments will attract a surcharge, currently to be set at four percent of the assessed land tax.

Financial Implications

Revenue from rates is estimated to be \$80.7 million in 1993/94, an increase of \$4.9 million on the 1992/93 estimate. Revenue from graduated land tax is estimated to be \$29.6 million in 1993/94, an increase of \$6.5 million on the 1992/93 estimate.

Details of the proposed Bill are attached.

DETAILS OF THE RATES AND LAND TAX (AMENDMENT) BILL 1993

Short Title

Clause 1 - provides for the short title for this Act to be the Rates and Land Tax (Amendment) Act 1993.

Commencement

Clause 2 - provides for the Act to commence on notification in the Gazette.

Principal Act

Clause 3 - refers to the Principal Act being amended, being the Rates and Land Tax Act 1926.

Imposition of rates

Clause 4 - amends Section 13 of the Principal Act which provides for the City Area and the Rural rates.

Sub-clause 4(a) - provides that the rate for 1993/94 for City Area land is 0.985 percent per annum of the unimproved value of a parcel of land.

Sub-clause 4(b) - provides that the rate for 1993/94 for land outside the City Area is 0.4925 percent of the unimproved value of a parcel of land.

Imposition of land tax

Clause 5 - amends section 22A of the Principal Act which provides for the imposition of land tax.

Subclause (a) substitutes a new subsection 22A(2). New paragraph 22A(2)(a) provides for the imposition of graduated levels of land tax, as indicated in the table in the Act, where payment is made in full by the due date. New paragraph 22A(2)(b) provides for a

surcharge to be imposed on the assessed land tax where the tax is not paid in full by the due date, or is paid by instalments.

Subclause (b) specifies that the determination under section 22A(2)(b) is a disallowable instrument.

Application and determination of percentage

Subclause 6(1) - provides for the new general rates and land tax rates to apply from 1 July 1993.

Subclause 6(2) - provides for the surcharge referred to in new paragraph 22A(2)(b) to be set at 4% from 1 July 1993.

Subclause 6(3) - provides that the Subordinate Laws Act 1989 does not apply to the 4% surcharge deemed to be determined under subclause 6(2).

Subclause 6(4) - provides for future changes to the 4% surcharge to be set by determination and be subject to disallowance. Where the determination setting the new surcharge is disallowed the 4% surcharge deemed to be determined by this Act would still apply.

Subclause 6(5) - provides for the surcharge deemed to be determined by the Act to apply until replaced by a valid determination.