

# Taxation Administration (Amounts payable-Land Rent) Determination 2010 (No 1)

## Disallowable instrument DI2010-196

made under the

***Taxation Administration Act 1999*, section 139 (Determination of amounts payable under tax laws)**

## EXPLANATORY STATEMENT

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1. The *Taxation Administration Act 1999* (TAA) deals with the administration of various tax laws relating to the imposition and collection of certain taxes, duties and licence fees.
2. Section 139 of the TAA empowers the Minister to determine the amount of taxes, duties and licence fees payable under a tax law, including the *Land Rent Act 2008* (the Land Rent Act). The Land Rent Act imposes land rent on certain residential leases.
3. This instrument commences on the day after its notification.
4. For the purposes of the provisions of the Land Rent Act specified below, the following are determined under section 139 of the TAA:

### (1) **Standard Percentage**

For the purposes of sections 8, 15, 16 and 17 of the Land Rent Act, the *standard percentage* is 4%. This is the annual amount of land rent as a percentage of the unimproved value of the parcel of land under a land rent lease. For example, if the unimproved value of a parcel of land is \$200,000, then the annual land rent for that parcel of land is \$8,000.

### (2) **Discount Percentage**

For the purposes of sections 8, 15 and 16 of the Land Rent Act, the *discount percentage* is 2%. This is the amount of land rent as a discounted percentage of the unimproved value of the parcel of land under a land rent lease where a lessee is eligible under section 11 of the Land Rent Act. For example, if the unimproved value of a parcel of land is \$200,000, then the annual land rent for that parcel of land is \$4,000.

**(3) Relevant Percentage**

For the purposes of sections 8 and 15 of the Land Rent Act, the *relevant percentage* is to be set by the annual change in Average Weekly Earnings (AWE) as reported by the Australian Bureau of Statistics. The relevant percentage caps the increase to protect households from large rental increases due to increases attributed to unimproved land values.

**(4) Income Threshold Amount**

For the purposes of sections 11 and 15 of the Land Rent Act, the *income threshold amount* means the income threshold amount with reference to the number of dependent children the lessees of a land rent lease have.

The *income threshold amount* is set at \$83,000 per annum (an upward rounding to the nearest \$1000) which is a reflection of the previous threshold amount of \$75,000 per annum (which represented the ACT's median household income level in 2007), indexed by CPI over the three years, by the annual increase in the March quarter. That is: 2008 (4.6 per cent), 2009 (2.7 per cent) and 2010 (2.6 per cent).

There is an additional allowance for each dependant child of \$3,330 per annum up to a maximum of \$99,650 per annum for a lessee eligible for the discount percentage with 5 or more dependant children in accordance with the following table:

| Number of dependent children | Income threshold |
|------------------------------|------------------|
| 0                            | \$83,000         |
| 1                            | \$86,330         |
| 2                            | \$89,660         |
| 3                            | \$92,990         |
| 4                            | \$96,320         |
| 5 or more                    | \$99,650         |

**5. Application of this instrument and changes**

This instrument revokes Disallowable Instrument DI2008-138. However, DI2008-138 continues to apply to applications for Discounted Land Rent for the period 1 July 2008 to the day of notification of this instrument.

The only change in this instrument is to the income threshold amount, indexed as described in paragraph 4 (4) above. All other aspects of the instrument remain unchanged.

Authorised by the Treasurer  
Katy Gallagher MLA