

**2012**

**The Legislative Assembly for the  
Australian Capital Territory**

**Rates and Land Tax Legislation Amendment Bill 2012**

**Explanatory Statement**

**Presented by  
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Treasurer**

# Rates and Land Tax Legislation Amendment Bill 2012

## Summary

This Bill amends the *Rates Act 2004*, with a related amendment to be made to the *Land Tax Act 2004* (Definition of residential and rural land).

## Overview

A Community Title Scheme (CT Scheme) allows separate ownership of a primary Crown lease, whilst having a shared interest and responsibility over common property on an adjacent Crown lease. A CT Scheme must include two or more blocks that are not common property, and one or more blocks that are common property.

Each common area lease is valued and rated independently of the separately owned parcels of land in the CT Scheme. Currently under the *Rates Act 2004* (the Act) these common areas are, by default, subject to commercial rates. This occurs even when the purposes allowed under the lease, and of the other leases under the CT Scheme, do not allow for commercial activities.

The Act is amended to impose rates on common areas in a CT Scheme according to the highest purpose clause within the CT Scheme. For example, if all properties within a CT Scheme are residential, and the common area does not permit commercial activities, then the common area is deemed residential for rates purposes. If, however, any lease under the CT Scheme permits commercial activities, then the common area is deemed commercial. For those CT Schemes that are solely rural, then the common area is also deemed rural for rates purposes.

There will also be a related amendment to the *Land Tax Act 2004* to ensure that where the common area is deemed either non-rented residential or rural, no land tax applies.

## Commencement date

The Bill's amendments will be effective from 1 July 2012.



## Details of the Rates and Land Tax Legislation Amendment Bill 2012

### **Part 1 – Preliminary**

#### **Clause 1 – Name of Act**

This clause provides that the Act is named the *Rates and Land Tax Legislation Amendment Act 2012*.

#### **Clause 2 – Commencement**

This clause provides that the Act will commence on 1 July 2012.

#### **Clause 3 – Legislation amended**

This clause provides that the Act amends the *Rates Act 2004* and the *Land Tax Act 2004*.

### **Part 2 – Land Tax Act 2004**

#### **Clause 4 – Dictionary, definition of *residential land* and *rural land***

This clause replaces the current definition of residential land to include the common property of a community title scheme where no parcel of land in the scheme is leased for commercial purposes, and at least one lease is residential.

This clause also replaces the definition of rural land to include the common property of a community title scheme where no parcel of land in the scheme is leased for commercial or residential purposes.

### **Part 3 – Rates Act 2004**

#### **Clause 5 – Dictionary, definition of *residential land* and *rural land***

This clause replaces the current definition of residential land to include the common property of a community title scheme where no parcel of land in the scheme is leased for commercial purposes, and at least one lease is residential.

This clause also replaces the definition of rural land to include the common property of a community title scheme where no parcel of land in the scheme is leased for commercial or residential purposes.