

Taxation Administration (Amounts Payable-Land Rent) Determination 2012 (No 1)

Disallowable instrument DI2012-175

made under the

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

EXPLANATORY STATEMENT

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 1 July 2012.
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* relating to this instrument is 4.19%. This is the annual change in Average Weekly Earnings (AWE) as reported by the Australian Bureau of Statistics for the relevant assessment year.

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 gross income threshold amount with reference to the number of dependent children the lessees of a land rent lease have.

The *gross income threshold amount* is set at \$89,100 per annum (an upward rounding to the nearest \$100) indexed annually by the annual change in Average Weekly Earnings (AWE) as reported by the Australian Bureau of Statistics for the relevant assessment year.

There is an additional allowance for each dependent child of \$3,330 per annum up to a maximum of \$105,750 per annum for a lessee eligible for the discount percentage with 5 or more dependent children in accordance with the following table:

Number of dependent children	Gross Income threshold
0	\$89,100
1	\$92,430
2	\$95,760
3	\$99,090
4	\$102,420
5 or more	\$105,750

5. Application of this instrument and changes

This instrument revokes Disallowable Instrument DI2011-163. However, DI2011-163 continues to apply to applications for Discounted Land Rent for the period 1 July 2011 to 30 June 2012.

The changes in this instrument are to the relevant percentage amount and income threshold amount, indexed as described in paragraphs 3 and 4 above. Additionally, the definition of income has also been clarified to reflect that it is the gross income level to be used for this instrument. All other aspects of the instrument remain unchanged.

Authorised by the Treasurer
Andrew Barr MLA