

Rates (Exemption from Rates – Fixed Charge) Declaration 2014 (No 1)

Notifiable Instrument NI2014-344

made under the

Rates Act 2004, section 41 (Exemption from rates)

EXPLANATORY STATEMENT

1. This Notifiable Instrument is taken to have commenced on 1 July 2014.
2. Section 14 of the *Rates Act 2004* (the Rates Act) imposes general rates on all parcels of rateable land in the ACT. Rateable land includes residential, rural and commercial land.
3. General rates comprise of a fixed charge (FC) amount, in addition to an ad valorem amount based on the Average Unimproved Value of the land (AUV) and a marginal rating factor (P).
4. General rates are levied on all properties to provide funding for a wide range of essential services to the Canberra community, including municipal services, schools, roads and hospitals.
5. Under section 41 of the Rates Act the Minister may exempt the owner of a parcel of land from payment of rates owing for any period in relation to the parcel of land, or from payment of a stated part of the rates.
6. This Notifiable instrument provides an exemption from only the FC component of general rates on certain small, special interest community-based clubs and unit titled car park spaces, that are classified as commercial properties (as they are not residential or rural).
7. Commercial general rates attract a higher rates charge, resulting in a significant financial impost for these small clubs, which do not have the capacity to generate their own revenue. Additionally, the commercial rating results in a significant financial impact for the owner of a unit titled car park space, who must pay the entire FC on the space. This instrument provides such clubs and car park spaces with financial relief by removing the FC component from their rates liability.

8. Section 41 of the Rates Act provides that the exemption must apply for a period of time. The exemption is available for a period of five years (1 July 2014 to 30 June 2019). After this period, the exemption will be reviewed.

Authorised by the Treasurer
Andrew Barr MLA
28 July 2014