

Taxation Administration (Land Tax) Determination 2015 (No 1)

Disallowable instrument DI2015-163

made under the

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

EXPLANATORY STATEMENT

1. This determination commences on 1 July 2015.
2. Under section 139 of the *Taxation Administration Act 1999*, the Minister has the authority to determine, in writing by disallowable instrument, amounts and rates applicable for the *Land Tax Act 2004*.
3. The purpose of this instrument is to determine the rates for the calculation of land tax for residential land, for section 9 (4) of the *Land Tax Act 2004*. As a part of continuing taxation reform, land tax has not been levied on commercial properties since 1 July 2012.
4. The introduction of a new structure for land tax calculation was announced as part of the 2014-15 Budget. This structure comprises a fixed charge component and lower marginal rating factors. The Land Tax Amendment Act 2014 introduced the fixed charge component of land tax into the *Land Tax Act 2004*.
5. The fixed charge amount helps to ensure equity within the land tax system and more appropriately spread the burden between standard residential properties (with generally higher Average Unimproved Values (AUV)) and multi-unit dwellings (with generally lower AUVs). As part of the 2015-16 Budget, the fixed charge is to be increased at a rate of 5% per year. The fixed charge amount is therefore determined to be \$945 for 2015-16. This is an increase of \$45 from the previous amount of \$900.
6. Calculation of land tax liability for rented residential land and residential land owned by a corporation or trustee:
 - An average unimproved land value of \$75,000 or less will pay a land tax rate of 0.41%, plus a fixed charge of \$945.
 - An average unimproved land value of between \$75,001 and \$150,000 will pay a land tax rate of \$1,252.50 (inclusive of the fixed charge amount) plus 0.48% on the average unimproved value of land above \$75,000.
 - An average unimproved land value of between \$150,001 and \$275,000 will pay a land tax rate of \$1,612.50 (inclusive of the fixed charge amount) plus 0.61% on the average unimproved value of land above \$150,000.

- An average unimproved land value of \$275,001 or more will pay a land tax rate of \$2,375.00 (inclusive of the fixed charge amount) plus 1.23% on the value of average unimproved land above \$275,000.
7. The marginal rates detailed above have not been altered from the 2014-15 rates. Only the fixed charge has been altered.
 8. This instrument revokes DI2014-279. However, DI2014-279 continues to apply for the period 1 October 2014 to 30 June 2015, inclusive.

Authorised by the Treasurer
Andrew Barr MLA