

Australian Capital Territory

# Taxation Administration (Amounts Payable—Rates) Determination 2018 (No 1)

## Disallowable instrument DI2018–172

made under the

*Rates Act 2004*, s 46 (2) (f) (Determination for deferral of rates on application)

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

## EXPLANATORY STATEMENT

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### Commencement

This instrument commences on 1 July 2018.

### Background

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 *Rates Act 2004* (the Act).

Under section 46 (2) (f) of the Act, the Minister may also determine by disallowable instrument the amounts and rates payable for the deferral of general rates for eligible non-pensioners.

This instrument is a consolidated determination of various amounts in relation to the following taxes and levies levied under the *Rates Act 2004*:

- general rates, including deferral and rebate amounts;
- Fire and Emergency Services Levy (FESL), including rebate amounts;
- City Centre Marketing and Improvements Levy (CCMIL); and
- Safer Families Levy.

The instrument is divided into several parts. Parts 2 to 6 as detailed below contain determinations of the relevant amounts.

## Determination of general rates (part 2)

This part updates and replaces *Taxation Administration (Amounts Payable—Rates) Determination 2017 (No 1)* DI2017-142.

General rates are levied on residential, commercial and rural properties to provide funding for a wide range of essential services to the Canberra community, including municipal services, schools, roads and hospitals.

This part determines the components of general rates—the fixed charge and percentage rates (marginal rating factors)—that apply to a parcel of residential land, commercial land or rural land.

This part clarifies that any amount that is part of an AUV must be rounded down to the nearest dollar before the marginal rating factors are applied.

The ‘base value’ referred to in this part is a reference to the base value to which marginal rating factors apply.

- For non-unit properties, base value refers to the Average Unimproved Value (AUV) of the parcel of land.
- For residential units, base value refers to AUVRU (the AUV of the entire parcel as it relates to the proportion of all residential units).
- For commercial units, base value refers to AUVU (the AUV of the entire parcel proportionate to the individual commercial unit).

2018-19 residential general rates are made up of a fixed charge of \$815 (increased from \$765 in 2017-18) and marginal rating factors determined as follows. 2017-18 charges are listed for comparison.

Base value	2017-18	2018-19
\$150,000 or less	0.2960%	0.3130%
\$150,001 to \$300,000	0.4088%	0.4088%
\$300,001 to \$450,000	0.5130%	0.5130%
\$450,001 to \$600,000	0.5603%	0.5603%
\$600,001 or more	0.6013%	0.5700%

2018-19 commercial general rates are made up of a fixed charge of \$2,463 (increased from \$2,380 in 2017-18) and marginal rating factors determined as follows. 2017-18 charges are listed for comparison.

Base value	2017-18	2018-19
\$150,000 or less	2.9760%	3.0800%
\$150,001 to \$275,000	3.4940%	3.6161%
\$275,001 to \$600,000	4.9350%	5.1074%
\$600,001 or more	4.9930%	5.1675%

2018-19 rural general rates are made up of a fixed charge of \$163 (increased from \$155 in 2017-18) and a flat percentage rate of 0.1513% of the base value (increased from 0.1491% in 2017-18).

### **Determination of deferral and rebate amounts for rates (part 3)**

This part updates and replaces *Rates (Deferral) Determination 2017 (No 1)* DI2017-143.

Under part 7 of the Act (Deferral and rebates), pensioners and other eligible households are able to defer payment of general rates. This rates deferral scheme supports ageing in place by providing a choice to households with high value properties, but relatively modest incomes, to defer their rates as a charge against the property.

Owners of a parcel of land who are not pensioners are only eligible to have rates deferred if the following conditions are met:

- they are 65 years or older;
- their total income does not exceed an income threshold amount determined by the Minister;
- the unimproved value of their parcel exceeds the value determined by the Minister; and
- their equity in the parcel is not less than a percentage determined by the Minister.

This part determines, under section 46 (2) (f) of the Act, updated eligibility criteria for general rates deferral that expand access to the scheme for non-pensioners.

- The income threshold amount is determined at \$1,000,000 (increased from \$91,000 in the previous instrument). The high threshold allows for increased access to the rates deferral scheme.
- The determined value is determined at \$1 (decreased from \$416,000 in the previous instrument). This determination effectively extends eligibility to any parcel owned by an eligible non-pensioner regardless of value.
- The determined percentage is determined at 75 per cent (the owner's minimum equity). This percentage remains unchanged.

Part 7 of the Act also allows eligible pensioners to apply for a rebate of general rates on their principal place of residence. The amount of the rebate is capped at an amount determined by the Minister.

This part of the instrument determines the rebate cap to be \$700 for the purposes of section 64 (6) of the Act. The rebate cap is unchanged from the previous instrument.

### **Determination of Fire and Emergency Services Levy (part 4)**

This part updates and replaces *Taxation Administration (Amounts Payable—Fire and Emergency Services Levy) Determination 2017 (No 1)* DI2017-139.

The FESL is charged on all rateable properties in the Territory, with the revenue helping to offset the cost of providing fire and emergency services in the ACT. The

levy amount is determined by whether the parcel of land is residential, rural or commercial.

For residential and rural properties the FESL is a fixed charge. This part determines the 2018-19 FESL for residential and rural properties at \$336 (previously \$294 in 2017-18).

For commercial properties the FESL is a marginal factor applying to the AUV of the land. This part determines the 2018-19 FESL for commercial properties as follows. 2017-18 charges are listed for comparison. The determined percentage rate declines at the highest threshold to reflect general increases in commercial AUVs.

AUV	2017-18	2018-19
\$300,000 or less	0.7019%	0.7068%
\$300,001 to \$2,000,000	0.8263%	0.8226%
\$2,000,001 or more	0.8313%	0.8040%

FESL for commercial units is calculated in a similar way to general rates for commercial units in accordance with schedule 1, section 2.1 (1) (f) of the Act.

#### **Determination of CCMIL (part 5)**

This part updates and replaces *Taxation Administration (Rates - City Centre Marketing and Improvements Levy) Determination 2007 (No 1)* DI2007-135.

The CCMIL is an annual charge on commercial properties within prescribed collection areas. Collection areas are determined by disallowable instrument under schedule 1, section 1.2 (2) of the Act.

This part determines the following percentage rates for the CCMIL:

- Area A, or the Retail Core—0.2992 per cent of the AUV;
- Area B, or the Non-Retail Core—0.2161 per cent of the AUV.

These amounts are unchanged from the previous instrument.

## **Determination of Safer Families Levy (part 6)**

This part updates and replaces *Taxation Administration (Safer Families Levy) Determination 2016 (No 1)* DI2016-219.

The Safer Families Levy was introduced as part of the 2016-17 Budget. The levy is an important part of a funding package for family violence prevention measures across the ACT, driving the next phase of reform in government and community-backed responses to family violence. The levy is imposed on residential and rural properties.

This part determines the levy to be \$30 for the purposes of schedule 1, section 1.3 (2) of the Act. This amount is unchanged from the previous instrument.

## **Determination of FESL rebate (part 7)**

This part updates and replaces *Taxation Administration (Rates—Fire and Emergency Services Rebate) Determination 2016 (No 1)* DI2016-218.

Schedule 1, section 3.2 of the Act allows eligible pensioners to apply for a rebate of the FESL on their principal place of residence. The amount of the rebate is capped at an amount determined by the Minister.

This instrument determines the rebate to be \$98 for the purposes of schedule 1, section 3.2 (5) of the Act. This amount is unchanged from the previous instrument.

## **Abolition of rates discount rate**

This instrument abolishes the 1 per cent discount rate that was applicable to early payment of general rates and FESL by revoking the relevant disallowable instrument, *Taxation Administration (Amounts Payable—Rates Discount Rate) Determination 2017 (No 1)* DI2017-144.

The abolition of the 1 per cent discount reflects the current environment of low inflation and low interest rates. Rebates and deferrals of rates continue to be available to eligible households.

## **Revocation**

This instrument revokes:

- DI2007-135;
- DI2015-167;
- DI2016-218;
- DI2016-219;
- DI2017-139;
- DI2017-142;
- DI2017-143; and
- DI2017-144.

Each revoked instrument continues to apply in the period between its commencement date and 30 June 2018 (inclusive).

Authorised by the Treasurer  
Andrew Barr MLA  
19 June 2018