

Australian Capital Territory

Taxation Administration (Amounts Payable—Rates) Determination 2020

Disallowable instrument DI2020-176

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

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.

The *Taxation Administration (Amounts Payable – Rates) Determination 2020* (the Rates Determination) is a consolidated determination of various amounts in relation to the following taxes and levies levied under the Act:

- 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.

Commencement

The Rates Determination commences on 1 July 2020.

Update

In March and April 2020, the Government announced two economic stimulus packages to support business, industry and our community affected by the COVID-19 pandemic. As part of the stimulus packages, the Government will provide rates assistance to residential and commercial property owners to provide cashflow support.

The Rates Determination replaces the *Taxation Administration (Amounts Payable—Rates) Determination 2019 (No 2)*, DI2019-272 to include a range of rates relief measures, including:

- a \$150 rebate to all residential properties;
- FESL freeze at the 2019-20 rate; and
- a reduction of CCMIL by 50 per cent.

Fixed charges and percentage rates (marginal rating factors) are updated for general rates. Different amounts are now specified for commercial rates based on the average unimproved value (AUV) of parcels of land.

Other provisions of DI2019-272 remain unchanged.

Determination of general rates (Part 2)

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.

Part 2 of the Rates Determination 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—see section 14 (3) of the Act.
- For residential units, base value refers to AUVRU (the AUV of the entire parcel as it relates to the proportion of all residential units)—see section 29 (5) of the Act.
- For units other than residential units (commercial units), base value refers to AUVU (the AUV of the entire parcel proportionate to the individual commercial unit)—see section 29 (5) of the Act.

Note, the definition of AUV has been amended from 1 July 2019 to extend the averaging period for determining AUV (as provided under the *Rates Amendment Act 2020*). A period of four years will be used for 2020-21, and five years for 2021-22 onward.

The 2020-21 residential general rates are made up of a fixed charge and marginal rating factors determined. For 2020-21, different fixed charges and rating factors apply to residential land (e.g. standalone houses) and units.

Residential land

Fixed charges for residential land and units are subject to a rebate of \$150 as part of the COVID-19 response. For residential land a fixed charge of \$773 applies after the rebate (a fixed charge of \$923 would otherwise have been applicable). For residential units, a fixed charge of \$808 applies after the rebate (a fixed charge of \$958 would otherwise have been applicable). These are reduced also from fixed charges of \$875 in 2019-20.

Marginal rating factors for 2020-21 are outlined as follows.

Table 1: Percentage rates—residential land

Base value	2019-20	2020-21
\$150,000 or less	0.3197%	0.3338%
\$150,001 to \$300,000	0.4155%	0.4296%
\$300,001 to \$450,000	0.5197%	0.5338%
\$450,001 to \$600,000	0.5670%	0.5811%
\$600,001 to \$750,000	0.5767%	0.5908%
\$750,001 or more	0.5817%	0.5958%

Table 2: Percentage rates—residential units

Base value	2019-20	2020-21
\$600,000 or less	0.4757%	0.5202%
\$600,001 to \$2,000,000	0.5885%	0.6330%
\$2,000,001 to \$3,650,000	0.6927%	0.7372%
\$3,650,001 to \$4,850,000	0.7400%	0.7845%
\$4,850,001 or more	0.7810%	0.8255%

Commercial land

For 2020-21, commercial general rates are distinguished for the first time between those properties that have a base value of \$2 million or less, and those above \$2 million. As with residential land, fixed charges and marginal rating factors apply in the setting of general rates for commercial land.

For commercial land with an base value at or below \$2 million, a fixed charge of \$2,622 applies (this is unchanged from 2019-20). Commercial land with a base value above \$2 million will be subject to a fixed charge of \$2,791.

Marginal rating factors for 2020-21 are outlined as follows. The 2019-20 rating factors are listed for comparison.

Table 3: Percentage rates—commercial land

Base value	2019-20	2020-21	
		base value less than or equal to \$2 million	base value more than \$2 million
\$150,000 or less	3.2341%	3.1376%	3.4533%
\$150,001 to \$275,000	3.7702%	3.6737%	3.9894%
\$275,001 to \$600,000	5.2615%	5.1650%	5.4807%
\$600,001 or more	5.3216%	5.2251%	5.5408%

Rural land

The 2020-21 rural general rates are made up of a fixed charge of \$170 (increased from \$167 in 2019-20) and a flat percentage rate of 0.1517% of the base value (reduced from 0.1544% in 2019-20).

Determination of deferral and rebate amounts for rates (Part 3)

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; and
- their equity in the parcel is not less than a percentage determined by the Minister.

Under section 46 (2) (f) of the Act, the determined percentage is 75 per cent (the owner's minimum equity).

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.

Part 3 of the Rates Determination 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 determination.

Determination of Fire and Emergency Services Levy (Part 4)

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 2020-21 FESL for residential and rural properties at \$344 (which is frozen at the same level as 2019-20 as part of the COVID-19 survival packages).

For commercial properties the FESL is a marginal factor applying to the AUV of the land or unit. 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.

This part determines the 2020-21 FESL for commercial properties. There is no change from the 2019-20 charges.

Table 4: Percentage rates—commercial land

AUV	2019-20	2020-21
\$300,000 or less	0.6815%	0.6815%
\$300,001 to \$2,000,000	0.8029%	0.8029%
\$2,000,001 or more	0.8342%	0.8342%

Note, a cap on FESL for commercial properties is separately applied via an exemption under section 41 of the *Rates Act 2004*. This cap ensures that FESL imposed for 2020-21 will not be greater than the amount for the 2019-20 financial year, where FESL was imposed.

Determination of CCMIL (Part 5)

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.

Part 5 determines the following percentage rates for the CCMIL:

- Area A, or the Retail Core—0.1496 per cent of the AUV;
- Area B, or the Non-Retail Core—0.1080 per cent of the AUV.

These amounts have been reduced by 50 per cent for 2020-21 (compared to 2019-20) as part of the Government's COVID-19 response to help alleviate financial pressure on commercial property owners within the levy collection area.

Determination of Safer Families Levy (Part 6)

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 determination.

Determination of FESL rebate (Part 7)

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.

The Rates Determination 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 determination.

Revocation

This instrument revokes the *Taxation Administration (Amounts Payable—Rates) Determination 2019 (No 2)*, DI2019-272.

DI2019-272 continues to apply in the period between 16 December 2019 and 30 June 2020 inclusive.

Authorised by the Treasurer
Andrew Barr MLA