

Australian Capital Territory

Taxation Administration (Amounts Payable—Rates) Determination 2021

Disallowable instrument DI2021-167

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 minimum percentage of equity in the parcel owned by eligible non-pensioners.

The *Taxation Administration (Amounts Payable – Rates) Determination 2021* (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; and
- City Centre Marketing and Improvements Levy (CCMIL).

Commencement

The Rates Determination commences on 1 July 2021.

Update

Fixed charges and percentage rates (marginal rating factors) are updated for general rates. To continue to increase the progressivity of the rates system, fixed charges for residential land and residential units have been reduced from their 2020-21 amounts (before rebate) reducing the proportion of residential rates revenue raised from the

fixed charge in 2021-22 and increasing the proportion of revenue raised from the percentage rates.

ACT Government COVID 19 response measures affecting rates and levies (for the 2020-21 financial year) to assist ACT households and businesses have ceased, including:

- a residential land rates rebate;
- a freeze on the FESL at 2019-20 levels; and
- for CCMIL, the percentage rate is returned to pre-COVID 19 levels having been halved for 2020-21.

The safer families levy determination is included in a separate instrument.

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.

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 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.

This part requires that in determining a base value amount, any amount that is a fraction of a dollar is to be disregarded before the marginal rating factors are applied.

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

The 2021-22 residential general rates are made up of a fixed charge and marginal rating factors. Different fixed charges and rating factors apply to residential land (for example, standalone houses) and units.

Residential land

For residential land a fixed charge of \$800 applies. This compares to a fixed charge of \$923 for 2020-21 (before rebate).

For residential units, a fixed charge of \$850 applies. A fixed charge of \$958 applied for 2020-21 (before rebate).

Marginal rating factors for 2021-22 are outlined as follows. The 2020-21 rating factors are listed for comparison.

Table 1: Percentage rates—residential land

Base value	2020-21	2021-22
\$150,000 or less	0.3338%	0.3624%
\$150,001 to \$300,000	0.4296%	0.4664%
\$300,001 to \$450,000	0.5338%	0.5795%
\$450,001 to \$600,000	0.5811%	0.6308%
\$600,001 to \$750,000	0.5908%	0.6414%
\$750,001 or more	0.5958%	0.6468%

Table 2: Percentage rates—residential units

Base value	2020-21	2021-22
\$600,000 or less	0.5202%	0.6165%
\$600,001 to \$2,000,000	0.6330%	0.7502%
\$2,000,001 to \$3,650,000	0.7372%	0.8737%
\$3,650,001 to \$4,850,000	0.7845%	0.9297%
\$4,850,001 or more	0.8255%	0.9783%

Commercial land

Different amounts are specified for commercial rates based on the AUV of parcels of land.

For 2021-22, commercial general rates will continue to differ 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 a base value at or below \$2 million, a fixed charge of \$2,720 applies (an increase from \$2,622 in 2020-21). Commercial land with a base value above \$2 million will be subject to a fixed charge of \$2,895 (up from \$2,791).

Marginal rating factors for 2021-22 are outlined as follows. The 2020-21 rating factors are listed for comparison.

Table 3: Percentage rates—commercial land

Base value	2020-21		2021-22	
	base value less than or equal to \$2 million	base value more than \$2 million	base value less than or equal to \$2 million	base value more than \$2 million
\$150,000 or less	3.1376%	3.4533%	3.1917%	3.5128%
\$150,001 to \$275,000	3.6737%	3.9894%	3.7370%	4.0581%
\$275,001 to \$600,000	5.1650%	5.4807%	5.2540%	5.5751%
\$600,001 or more	5.2251%	5.5408%	5.3151%	5.6362%

Rural land

The 2021-22 rural general rates are made up of a fixed charge of \$173 (increased from \$170 in 2020-21) and a flat percentage rate of 0.1510% of the base value (reduced from 0.1517% in 2020-21).

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 unchanged at 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 \$750 for the purposes of section 64 (6) of the Act. The rebate cap is increased by \$50 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 2021-22 FESL for residential and rural properties at \$350 (an increase from \$344 in 2020-21).

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 2021-22 FESL for commercial properties and are outlined in the following table, with the 2020-21 rating factors listed for comparison.

Table 4: Percentage rates—commercial land

AUV	2020-21	2021-22
\$300,000 or less	0.6815%	0.6803%
\$300,001 to \$2,000,000	0.8029%	0.8015%
\$2,000,001 or more	0.8342%	0.8328%

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

Determination of FESL rebate (Part 6)

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 2020 (No 2)*, DI2020-210.

Authorised by the Treasurer
Andrew Barr MLA