

Australian Capital Territory

Taxation Administration (Amounts Payable—Land Rent) Determination 2024

Disallowable instrument DI2024-182

made under the

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

EXPLANATORY STATEMENT

The *Taxation Administration Act 1999* (TA Act) deals with the administration of various tax laws relating to the imposition and collection of certain taxes, duties and licence fees.

Section 139 of the TA Act empowers the Minister to determine the amount of taxes, duties and licence fees payable under a tax law, including the *Land Rent Act 2008* (the Land Rent Act). The Land Rent Act imposes land rent on certain residential leases.

The *Taxation Administration (Amounts Payable—Land Rent) Determination 2024* (the instrument) replaces *Taxation Administration (Amounts Payable—Land Rent) Determination 2023*.

For the purposes of the provisions of the Land Rent Act specified below, the following are determined under section 139 of the TA Act.

Commencement

This instrument commences on 1 July 2024.

Standard percentage (leases first granted before 1 October 2013)

This instrument determines that the standard percentage is 4 per cent (unchanged from the previous instrument). This is the annual amount of land rent as a percentage of the unimproved value of the parcel of land under a land rent lease. For example, if the unimproved value of a parcel of land is \$500,000, then the annual land rent for that parcel of land is \$20,000.

Discount percentage

This instrument determines that the discount percentage is 2 per cent (unchanged from the previous instrument). This is the amount of land rent as a discounted percentage of

the unimproved value of the parcel of land under a land rent lease where a lessee is eligible under section 11 of the Land Rent Act. For example, if the unimproved value of a parcel of land is \$500,000, then the annual land rent for that parcel of land is \$10,000.

Relevant percentage

This instrument determines that the relevant percentage is 3.56 per cent (increased from 1.52 per cent in 2023-24). This is the annual change in ACT full time adult Average Weekly Total Earnings [Average Weekly Earnings, Australian Capital Territory (Dollar)—Original], for the period November 2022 (\$2,056.30) to November 2023 (\$2,129.50) as reported by the Australian Bureau of Statistics.

The relevant percentage caps the increase in annual land rent, protecting households from large increases in land rent when growth in unimproved values is high.

Income threshold amount (leases first granted before 1 October 2013)

This instrument determines the income threshold amount as the gross income threshold amount, which is calculated by reference to the number of dependent children the lessees of a land rent lease have.

The gross income threshold amount is set at \$121,300 (increased from \$117,100 in 2023-24). This is the previous income threshold indexed by the relevant percentage described above and rounded upward to the nearest \$100.

There is an additional allowance for each dependent child of \$3,330 per annum up to a maximum of \$137,950 per annum for a lessee eligible for the discount percentage with 5 or more dependent children, in accordance with the following table.

Table 1: Income threshold amount (leases first granted before 1 October 2013)

Total dependent children	Total lessee gross income threshold
0	\$121,300
1	\$124,630
2	\$127,960
3	\$131,290
4	\$134,620
5 or more	\$137,950

Income threshold amount (leases first granted on or after 1 October 2013)

This instrument determines the gross income threshold amount as the gross income threshold amount with reference to the number of dependent children the lessees of a land rent lease have.

For land rent leases first granted on or after 1 October 2013, the gross income threshold remains unchanged and is calculated based on the income of the lessee and the lessee's domestic partner. Definitions of total income and domestic partner for post-1 October 2013 leases are provided under a separate disallowable instrument (made under section 9A of the Land Rent Act).

The gross income threshold amount for land rent leases first granted on or after 1 October 2013 is set at \$170,000 gross per annum.

There is an additional allowance for each dependent child of \$3,330 per annum up to a maximum of \$186,650 per annum for a lessee eligible for the discount percentage with 5 or more dependent children in accordance with the following table.

Table 2: Income threshold amount (leases first granted on or after 1 October 2013)

Total dependent children	Total lessee gross income threshold
0	\$170,000
1	\$173,330
2	\$176,660
3	\$179,990
4	\$183,320
5 or more	\$186,650

Revocation

Section 7 of this instrument revokes DI2023-170.