

# Land Tax

## Frequently Asked Questions

### Please read ...

- These FAQs are designed to give you the best information possible, in brief.
- We try to avoid using legal and technical language to ensure that our documents are easily understood. This document contains general information only.
- If you need detailed advice about your taxation affairs, you must contact your tax advisor, accountant or solicitor.
- See the [Land Tax Act 2000](#) for reference.

October 2011

# Land Tax FAQs

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- [taxhelp@treasury.tas.gov.au](mailto:taxhelp@treasury.tas.gov.au)
- [www.sro.tas.gov.au](http://www.sro.tas.gov.au) - State Revenue Office website
- State Revenue Office  
Ph (03) 6233 8070  
1800 001 388 (Tas-based callers outside 62 area)
- State Revenue Office  
Level 3, 80 Elizabeth Street, Hobart  
(Weekdays, 9am - 4pm)
- The Commissioner of State Revenue  
State Revenue Office  
GPO Box 1374  
Hobart TAS 7001

## **Q. Why do I have to pay land tax?**

**A.** If you own property as at 1 July each year, that is not your Principal Place of Residence and is not used for Primary Production purposes, you may have to pay land tax. This tax is applied in accordance with the [Land Tax Act 2000](#).

## **Q. How is land tax calculated?**

**A.** Land tax is based on assessed land value. Assessed land value is the land value multiplied by an adjustment factor. [Land value and adjustment factors](#) are determined by the Office of the Valuer-General.

All of the assessed land values of General (taxable) land held by an owner as at 1 July are added together. This amount is multiplied by the land tax rate as set out in the [Land Tax Rating Act 2000](#).

A [land tax calculator](#) is available.

## **Q. Why has the amount of my land tax increased since last year's account?**

**A.** There could be several reasons for this:

- [property valuation adjustment factors](#), determined by the Office of the Valuer-General, may have been applied to your property; or the Office of the Valuer-General may have re-valued your property;
- you may have purchased additional taxable properties since the last tax year; if you own more than one property, land tax is calculated on the combined assessed land value of all your properties;
- your land may have been classified as General Land (it would appear as 'GEN' under the Land Class heading on your land tax account). If you believe there is a mistake, please contact the State Revenue Office: (03) 6233 8070 or 1800 001 388 (Tas-based callers outside the 62 area). Office hours are 9am to 4pm, weekdays.

## **Q. I own several properties. How do I work out what the tax is for one of them?**

**A.** Use the [land tax calculator](#).

The formula for calculating land tax for each property:

$(\text{Assessed land value} / \text{Total Assessed Land Value}) * \$\text{Total land tax payable}$

## **Q. I sold my property not long after 1 July. I'm not the owner anymore. Why am I being taxed?**

**A.** Land tax is based on the ownership of land as at 1 July of each land tax year. Even if you sold your property after this date, you will still appear on our records as the owner, as at 1 July.

If you sold the property after 1 July, the [Land Tax Act 2000](#) enables you or your solicitor/conveyancer (on your behalf) to recover a proper proportion of land tax from the new owner. The proportion is equivalent to the ratio of the number of days you owned the land to the number of days in the financial year.

The State Revenue Office does not become involved in this process. It is usually part of the sale agreement conditions and is undertaken by your solicitor/conveyancer at settlement.

If you have not recovered your land tax at settlement, you should contact your solicitor or conveyancer for assistance.

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### **Q. I'm worried about how I'm going to pay my land tax account on time. What should I do?**

- A.** Please don't ignore your land tax account. You should contact the State Revenue Office as soon as possible. We may be able to put your account on hold for a while or guide you through different payment options.

*To avoid penalties being applied to the land tax owed, you must contact us before the due date for payment (printed on your land tax account).*

Please phone (03) 6233 8070 or 1800 001 388 (Tas-based callers outside the 62 area)  
Office hours: weekdays, 9am to 4pm

### **Q. For the financial year 2010-11, I didn't have to pay land tax on my shack land. Why do I have to pay tax from 1 July 2011 onwards?**

- A.** The 'shack' land classification ended on 30 June 2011. All land previously classified as 'shack' land has been reclassified as 'general' land, and now attracts land tax at the full rate.

### **Q. I am a pensioner and have been able to claim an exemption to land tax in the past. Why do I have to pay it now?**

- A.** The pensioner exemption for land tax is no longer available for properties that are classified as 'general' land. That is, land that is not Principal Place of Residence or Primary Production Land.

There is **no land tax** payable on land used as your principal residence or used for primary production purposes.

Your land tax account shows which land is classified as 'general'. If your land has been incorrectly classified as 'general' you can apply to have it re-classified.

Application forms are available:

- using the [online form](#) facility;
- at any [Service Tasmania shop](#); or
- by requesting a copy from the State Revenue Office:  
Please call (03) 6233 8070 or 1800 001 388 (Tas-based callers outside the 62 area)  
Office hours: weekdays, 9am to 4pm

### **Q. Where and how can I pay my account?**

- A.** Payment options are set out on back of the land tax account.

Land tax accounts can be paid at or accepted by:

- Any [Service Tasmania shop](#)
- Australia Post
- [Service Tasmania payments website](#)
- BPAY (Biller Code 575514)  
Phone: (03) 6233 8070 or 1800 001 388 (Tas-based callers outside the 62 area)  
Office hours: weekdays, 9am to 4pm
- Call the Service Tasmania phone payment facility: 1300 729 859 (local call)
- Posting your remittance advice and payment to:  
State Revenue Office, GPO Box 1374, Hobart TAS 7001
- Paying in person at the State Revenue Office, Level 3, 80 Elizabeth Street, Hobart  
Weekdays, 9am to 4pm. **Important:** EFT, cheques and credit cards only (*cash is not accepted*).

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**Q. I received an Instalment Notice for \$500 which I did not pay. Now I have a new account for \$1,500 (issued on an Instalment Brought Forward Notice). Can I just pay the \$500?**

- A. If your instalment is not paid by the due date, the instalment arrangement is likely to be withdrawn. This means that the full amount of tax will be due and payable by the due date printed on the Instalment Brought Forward Notice issued to you.

If you were unable to pay the instalment because of circumstances beyond your control, the account may be returned to instalments.

For instalments to be re-instated you should set out your circumstances in writing to The Commissioner of State Revenue, GPO Box 1374, Hobart Tas 7001, or [email](#) the State Revenue Office.

**Q. Interest and penalty tax have been applied to my account. Do I have to pay it?**

- A. Interest and penalty tax are applied to accounts for a variety of reasons including non-payment of a land tax account or as a result of a compliance investigation.

In some instances the State Revenue Office may remove the penalty tax. If this happens, it will be shown on a notice sent to you by the Office.

Unless we advise you otherwise, interest and penalty tax will only be removed in extenuating circumstances or in situations that are beyond a taxpayer's control. To seek the removal of interest or penalty tax you must [email](#) or write to the State Revenue Office (The Commissioner of State Revenue, GPO Box 1374, Hobart Tas 7001) setting out your situation.

For more information about interest and penalty tax, please read [Revenue Ruling Pub-Gen-2011-1](#).

**Q. I live in my property. Why would I have received a land tax account for it?**

- A. Our records will have shown your property is classified as 'general' land. However, you may be eligible to claim Principal Place of Residence (PPR) classification for that part of your property used as your PPR.

To qualify for the classification, the applicant must own at least 50% of the land and the residence must be occupied, as at 1 July of the relevant land tax year, by:

- that person, or their spouse (or former spouse);
- the beneficiary of the estate of a deceased owner; or
- a beneficiary of a trust appointed by a court.

If you moved into your property after 1 July, you may be eligible for PPR classification from the next financial year.

A home unit or company land occupied by the owner, their spouse or former spouse may also be classified as principal place of residence land. [Read more information about company land](#).

Use the [online form](#) to apply for Principal Place of Residence classification.

**Q. I jointly own two residences with my former partner. Can I apply for Principal Place of Residence classification on both properties?**

- A. Principal Place of Residence classification may be applied to each property if each person:
- is separately residing in each property as their main place of residence; and
  - owns at least 50% of the property they are residing in.

To apply for the classification in this situation, please write to the SRO about your circumstances. Send your letter to The Commissioner of State Revenue, GPO Box 1374, Hobart TAS 7001.

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**Q. I work in Launceston during the week and live in my residence there. I return on weekends to my residence in Hobart. Can I claim Principal Place of Residence classification on both properties?**

**A.** No. Generally, you can only claim the classification for one of your properties.

Your principal place of residence is considered to be the one where you dwell permanently and ordinarily eat and sleep. In this case you would apply for principal place of residence classification for the property that you spend the most time living in.

**Q. I work in Launceston during the week and live in a rented property. On the weekends, I return home to Hobart and live in the house I own. Can I claim PPR on my Hobart residence?**

**A.** It is unlikely as your principal residence is the one where you dwell permanently and ordinarily eat and sleep. If you are unsure, you should contact the SRO to discuss your circumstances.

**Q. The property you are taxing me on is my son's residence, which we purchased (in our name) for him while he attends university in Hobart. Can I claim Principal Place of Residence classification on the property?**

**A.** Unless your son is the owner of at least 50% of the property, the land is taxable and principal place of residence classification cannot be claimed.

**Q. I have a block of land adjoining my home which I use as part of my residence. Do I have to pay land tax on this block?**

**A.** The block may be classified a Principal Place of Residence land if:

- you use that land solely in conjunction with your residence;
- the owner of at least 50% of the principal residence land is also the owner of at least 50% of the adjoining land; and
- you do not receive any income from the adjoining land.

To apply for principal place of residence classification for an adjoining block, please set out your circumstances in writing to The Commissioner of State Revenue, GPO Box 1374, Hobart Tas 7001.

**Q. I have two residential properties in my name because I've bought a new home and I'm waiting for the other one to sell. Can I still get a rebate on land tax?**

**A.** You may be eligible for a rebate on land tax for two residences in transitional circumstances. To be eligible, you must meet all these criteria:

- the new residence must have been purchased between 1 April and 30 June in the same year;
- the contract to sell your previous residential property must have been entered into prior to 1 October of that year;
- neither residence must have been rented out; and
- no apportionment of consideration for land tax must have occurred at settlement of the first property.

If all of those criteria have been met you may claim Principal Place of Residence classification on both properties, and no land tax is payable on either residence. Application forms are available:

- from the ['forms' section of the State Revenue Office website](#);
- at any [Service Tasmania shop](#); or
- by requesting a copy from the State Revenue Office;  
Please call (03) 6233 8070 or 1800 001 388 (Tas-based callers outside the 62 area)  
Office hours: weekdays, 9am to 4pm

Your application for the rebate must be lodged with the State Revenue Office no later than 30 September of the following land tax year.

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**Q. The land tax account I've received is in my Company's name, but the property is my principal place of residence. Do I have to pay land tax?**

- A. When a company owns a property, to be eligible for Principal Place of Residence classification:
- the property must be the principal place of residence of a person or people who own 50% or more of the shares in the company as at 1 July for the year in question; and
  - the person or people must not own other principal residence land.

To apply for Principal Place of Residence classification you must:

- complete a Principal Place of Residence application (request the form from the State Revenue Office by phoning (03) 6233 8070 or 1800 001 388 (Tas-based callers outside the 62 area)); and
- provide the State Revenue Office with a copy of an Australian Securities and Investment Commission search showing the directors and shareholders of your company as at 1 July of the relevant financial year; and
- provide the State Revenue Office with a copy of the company's balance sheet showing the property as an asset of the company.

The company residential land provisions **do not apply** if the company is a trustee company for a family or discretionary trust.

**Q. I have received a land tax account for the block of land that I'm building my house on. Do I have to pay the account?**

- A. You may not have to pay land tax and can apply for a rebate if you meet the following eligibility criteria:
- you must not own any other property classified as Principal Place of Residence as at 1 July in the current tax year; and
  - you must own at least 50% of the land; and
  - the residence must be completed by 30 June in the current tax year; and
  - you must have commenced living in the property by 30 June in the current tax year.

If you have moved into your house before the due date printed on your land tax account you can apply for a rebate and your land tax will be re-assessed. However, if your land tax account is due for payment before you move into your house, you must pay the account in full, and then apply for a rebate once you are able to provide evidence that you are occupying the property.

Evidence of occupancy can include a certificate of completion or occupancy permit issued by your local council, electricity or telephone accounts showing connection and usage, an insurance policy for the property, or a photograph of the completed house.

To apply for a rebate, set out your details and evidence of occupancy in an [email](#) to the State Revenue Office or write to The Commissioner of State Revenue, GPO Box 1374, Hobart Tas 7001.

If your application for a rebate is approved, the land tax you have paid will be refunded.

**Q. My home is owned by my Family Trust and it is my principal place of residence. Why would I have to pay land tax?**

- A. Under the current [Land Tax legislation](#), trustees of discretionary or family trusts are not entitled to the land tax-free Principal Place of Residence classification, even though the beneficiaries of the trust may live in the property. Therefore, in such cases, land tax is payable.

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## Q. What is meant by contract date, settlement date and registration date?

<b>Contract date</b>	The date that you enter into the contract to buy or sell land.
<b>Settlement date</b>	The date that the contract is completed.
<b>Registration date</b>	The date that the <a href="#">Recorder of Titles</a> actually records the new owner's details on title.

**Important:** Land tax is payable by the owner of the land. Owner is defined as the person who is registered on title with the [Recorder of Titles](#).

## Q. I lease my land to another person who uses it for farming. Do I have to pay land tax?

**A.** If the lessee of your land is using it as part of a business for primary production, then Primary Production Land classification (PPL) may apply.

As the owner of the land you are responsible for a PPL application to be completed by you and the land user, and then to lodge it with the State Revenue Office. If the land is leased, details about primary production activities on the land must be completed and declared by the user of the land.

Application forms are available:

- from the ['forms' section of the State Revenue Office website](#);
- at any [Service Tasmania shop](#); or
- by requesting a copy from the State Revenue Office:  
Please phone (03) 6233 8070 or 1800 001 388 (Tas-based callers outside the 62 area)  
Office hours: weekdays, 9am to 4pm

## Q. I have received a land tax account for a property that I don't own but rent from the owner. Do I have to pay the bill?

**A.** Payment of land tax is the responsibility of the owner. However, under some tenancy agreements the tenant is required to pay all outgoings for the property, including land tax. This arrangement is a matter between you and your landlord and is not the responsibility of the SRO.

## Q. I am a long-term purchaser of my home and have received a land tax account. Do I have to pay the bill?

**A.** Payment of land tax is the responsibility of the owner. Where a person enters into a long-term purchase contract, they do not become the owner until they have finished paying all the instalments for the property.

As the long-term purchaser, if you occupy the land as your residence, then the land must be classified as 'general' and the owner of the land is liable to pay land tax.

Under the purchase agreement you may be required to pay all outgoings for the property including land tax. This arrangement is a matter between you and the vendor, and is not the responsibility of the State Revenue Office.

## Q. When my father died he left the house to his children and my mother is the life tenant of the house. We have received a land tax account for the property. Does my family have to pay it?

**A.** Where a person has a life tenancy as a result of a Will or Deed of Family Arrangement from an estate, they can [apply for Principal Place of Residence classification](#) if they were living in the property as at 1 July for the current land tax year. Evidence that the person has a life tenancy must be provided with the application. If you are unable to access the SRO website for the form, please request a copy by phoning the SRO using one of the numbers printed on [page 3](#) of this document.

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### **Q. I have a nature reserve on my land. Do I have to pay land tax on this land?**

- A. Section 19 of the [Land Tax Act 2000](#) exempts land that is subject to a conservation covenant under Part 5 of the [Nature Conservation Act 2002](#). The land must be declared as a nature reserve as at 1 July in the current land tax year and the covenant must be registered on title.

**Important:** Land containing national trust or heritage buildings is not necessarily land that would be exempt from land tax under this provision. It is only exempt if the property is a part of land that is subject to a conservation covenant.

To apply for the exemption, please [email](#) the State Revenue Office or write to The Commissioner of State Revenue, GPO Box 1374, Hobart TAS 7001, setting out the situation about the property.

### **Q. I disagree with the land value for my property. What can I do to have it amended?**

- A. Land value is determined by the Valuer-General. Please visit the [Office of the Valuer-General website](#). Phoning the Office of the Valuer-General: (03) 6233 3715 or 1300 368 550 (local call).

### **Q. Can I object to my land tax account?**

- A. Under [Part 10 of the Taxation Administration Act 1997](#), taxpayers have the right to object to an assessment or decision of the Commissioner of State Revenue.

The objection must be:

- in writing;
- state the full grounds for the objection; and
- be lodged with the State Revenue Office (GPO Box 1374, Hobart Tas 7001) within 60 days of the issue date printed on your land tax account.

**Important:** Simply disagreeing with the value and fairness of land tax is not a valid ground for an objection.

**If you choose to lodge an objection, your account must still be paid in full by the due date.** If your objection is successful (whether wholly or in part), a refund of any overpaid tax will be made when the objection has been finalised. In these cases, interest will also be paid on the overpaid amount at the daily market interest rate of 5 per cent per annum, providing the amount of interest is over \$20.

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