

Guideline

Land Tax 2016-17

Land Tax Act 2000

What is land tax and who is liable to pay it?

Land tax is an annual tax based on the ownership and usage of land on 1 July each year. The tax is payable to the Commissioner of State Revenue (the Commissioner) by the registered owner/s of the property.

What is taxable and what is not?

Taxable	Does not attract tax
'General' Land This includes properties such as rental, holiday homes, vacant or commercial land.	'Principal Residence Land' Land used as the owner's main place of residence. 'Primary Production Land' Land used substantially for the business of primary production or as a private timber reserve, or a permanent timber production zone.

Principal Residence Land (PRL) and Primary Production land (PPL) do not attract land tax, but it is the owner's responsibility to apply for and demonstrate they are entitled to either classification. Where only part of the land is used for PRL or PPL the remainder of the land area may be 'General' land and be taxable based on the proportion of the assessed land value.

Penalties may be imposed for providing false or misleading statements about the use of the land. Data matching and compliance programs are undertaken to ensure that correct property classifications are claimed by taxpayers.

Who provides the valuation of my land to the Commissioner of State Revenue?

For information about the valuation of property, please visit the [Valuer-General's website](http://www.dpipwe.tas.gov.au/ovg), www.dpipwe.tas.gov.au/ovg. The Commissioner of State Revenue has no role in setting the valuation of land.

How is land tax calculated?

Land tax is calculated on the assessed land value of taxable land held by the registered owner. Where more than one property is owned, the tax is calculated on the aggregate of assessed taxable land values.

For more information about the rates of land tax and the land tax calculator, please visit:

- www.sro.tas.gov.au/landtax/rates;
- www.sro.tas.gov.au/landtax/calculator.

THREE LAND CLASSIFICATIONS

1. GENERAL LAND

Shown as 'GEN' on the land tax notice of assessment

This classification is applied to any land that is not classified as either principal residence or primary production land. Land tax is payable for land with a 'general' classification unless an exemption or concession is available (see page 4).

2. PRINCIPAL RESIDENCE LAND

Shown as 'RES' on the land tax notice of assessment

To qualify for a principal residence land classification:

- i) the applicant must own at least 50 per cent of the land as at 1 July each year; and
- ii) the residence on that land must be occupied as at 1 July each year by the applicant, their spouse, or former spouse.

To apply for this classification, please use the [Principal Residence Classification Application](#), available at www.sro.tas.gov.au.

Qualifying home business

If you conduct a qualifying home business on no more than 50 per cent of your principal residence, you may still claim a principal residence land classification for that property. This does not include if you are renting part of your property to a tenant. Please read the [Qualifying Home Business Concession Guideline](#), available at www.sro.tas.gov.au.

Renting out part of your property

If you are renting out any part of your property, even if it is your Principal Residence Land, land tax may be payable depending on the taxable value of the portion of land being rented.

To apply for principal residence land classification or part thereof, please use the [Principal Residence Classification Application](#), available at www.sro.tas.gov.au.

Land owned by a company

Land owned by a company may be granted a principal residence land classification if the land is used as the principal residence of a person or persons who own at least 50 per cent of the shares in the company.

The principal residence land classification will only be applied if the shareholder does not own any other principal residence land as at 1 July.

Land owned by a trust

Land held on trust by a trustee may be granted a principal residence land classification if a beneficiary of the trust resides at the property as their principal residence and the land is held by:

- a registered trustee company;
- an executor, administrator, guardian, committee, receiver or liquidator;
- a trustee appointed by a court;
- a trustee of a special disability trust (see the [Special Disability Trust Exemption Guideline](#) at www.sro.tas.gov.au); or
- a trustee of a fixed trust in which:
 - i) all of the beneficiaries are individually named or are descendants of individually named beneficiaries; and
 - ii) the beneficiary would be entitled, on the winding up of the trust, to 50 per cent or more of the value of the income and capital of the trust.

The principal residence land classification will only be applied if the beneficiary does not own any other principal residence land as at 1 July.

Home-unit company

Land owned by a home-unit company can be classified as principal residence land to the extent that the flats situated on the land are used as the principal residence of shareholders of the company. The proportion of the land not being used as shareholders' principal residence will attract land tax. For more information about home-unit companies see [section 28 of the Land Tax Act 2000](#).

To apply for the classification, please discuss the different usages and percentages of the property with the State Revenue Office by email: taxhelp@treasury.tas.gov.au.

Disaster relief

From 1 July 2013, where land is subject to fire, flood or a similar disaster, the owner may apply for a principal residence land classification for up to two financial years following the disaster, even if the property is not being used as their principal place of residence.

If the extension is granted, the owner of the principal residence land is not entitled to have any other land classified as principal residence land during the period of the extension.

Deceased estates

From 1 July 2017, PRL classification remains on property on 1 July of the financial year following a sole owner's death providing the property:

- was classified as PRL on 1 July of the year of the owner's death; and
- (or a part of the property) has not been sold or not been transferred to another person other than the personal representative of the deceased person.

If this situation applies, you should advise the SRO by emailing taxhelp@treasury.tas.gov.au.

3. PRIMARY PRODUCTION LAND

Shown as 'RUR' on the land tax notice of assessment

Land is primary production land if it is:

- used substantially for the business of primary production;
- declared a private timber reserve under the [Forest Practices Act 1985](#);
- permanent timber production zone land within the meaning of the [Forest Management Act 2013](#); or
- subject to a certified plan under the State Permanent Forest Estate Policy of the [Forest Practices Act 1985](#).

The business of primary production means any one or more of the following carried out in a business-like manner with a reasonable expectation of profit:

- cultivating land to sell the produce of the cultivation;
- maintaining animals or poultry for sale or selling their natural increase or bodily produce;
- keeping bees to sell their honey;
- commercial fishing and cultivating aquatic plants or animals, including the preparation for fishing and the storage and preservation of fish and fishing gear; and/or
- cultivating or propagating for sale plants, seedlings, mushrooms or orchids.

Where part of the land is used for primary production, you can apply for the primary production land classification. Dependent on your circumstances the classification may apply to all or part of your property. In some cases where land is being cultivated in preparation for primary production the primary production land classification may apply.

To apply for primary production classification, please use the [Application for Primary Production Land Classification](#), available at www.sro.tas.gov.au.

Disaster relief

From 1 July 2013, where land is subject to fire, flood or a similar disaster, the owner may apply for a primary production land classification for up to two financial years following the disaster, even if the property is not being used for the purpose of primary production.

To apply for primary production classification, please use the [Application for Primary Production Land Classification](#), available at www.sro.tas.gov.au.

EXEMPTIONS FROM LAND TAX

Exemptions may apply to land used for various purposes by a range of organisations, for example:

- property owned by (or on trust for) a religious body and used for religious, charitable or educational purposes;
- property owned by (or on trust for) a charitable institution and used for charitable purposes;
- property used as a eligible medical establishment (excludes General Practice);
- aboriginal land within the meaning of the [Aboriginal Lands Act 1995](#) used principally for aboriginal cultural activities;
- land subject to a conservation covenant under Part 5 of the [Nature Conservation Act 2002](#);
- property owned by (or on trust for) an ex-servicemen's association; or
- land used for the purposes of, or purposes related to, the operation of a retirement village.

For more information about exemptions, please contact the SRO.

CONCESSIONAL RATES OF LAND TAX

Sporting clubs are not exempt from land tax but may be entitled to a concessional rate of tax. Apply by email (taxhelp@treasury.tas.gov.au) to the Commissioner of State Revenue, enclosing a copy of the club's constitution, rules or objects.

REBATES

Two residences owned in transitional circumstances

If an owner purchased a new principal place of residence before 30 June and has not sold their original principal place of residence by 30 June in the same tax year, a principal residence land classification may be claimable for both properties. Here, 'tax year' means the year the assessment was raised, commencing 1 July and ceasing the following 30 June.

All of the following criteria must be met before an application can be considered:

- at least 50 per cent of the second property (the new residence) must be owned by the same owner(s) and it must have been purchased on or after 1 April; and
- a contract of sale for either property must have been entered into prior to 1 October; and
- neither residence must have been rented out or used to derive income during the transitional period for which both were owned; and
- no apportionment of consideration for land tax on the sold property between the vendor and the purchaser must have occurred; and
- an application for rebate must be lodged with the SRO no later than three months after 30 June of the next year.

To apply for the rebate for two residences owned in transitional circumstances, please use the [Application for Land Tax Rebate](http://www.sro.tas.gov.au/landtax/applications) (available at www.sro.tas.gov.au/landtax/applications).

New home builders

New home builders may be eligible for a land tax rebate for a financial year if they:

- own vacant land as at 1 July of the financial year; and
- do not own other land classified as principal residence land as at 1 July; and
- built a house on the vacant land; and
- commenced occupying the house as their principal residence during the financial year.

To apply for the rebate, please use the [Application for Change in Land Use](http://www.sro.tas.gov.au/landtax/applications) (available at www.sro.tas.gov.au/landtax/applications).

AGGREGATION

Company grouping

For the purposes of the [Land Tax Act 2000](#) related companies are those that have a common controlling interest or companies that are related bodies corporate under the Commonwealth [Corporations Act 2001](#).

The value of land held by related companies will be aggregated and tax assessed on the aggregate value. Any companies that have not advised the SRO that they should be grouped could expect to be subject to review as part of an ongoing compliance program. Where tax is found to have been incorrectly assessed, interest and penalty tax may apply.

For more information, read the [Grouping of related companies guideline](#), available at www.sro.tas.gov.au.

Land held by Trustees

A trustee's land holdings are aggregated unless exempted from the provisions in the following cases:

- registered trustee companies, as defined in the [Trustee Companies Act 1953](#),
- registered trustee companies as defined in a similar law of another State or a Territory of the Commonwealth;
- an executor or administrator, or a guardian, committee, receiver or liquidator;
- the Public Trustee as defined in the [Public Trustee Act 1930](#); or
- any other trustee appointed by a court.

Land held by an individual in their capacity as trustee, and land held by that individual in their own right, will not be aggregated for land tax purposes. If this situation applies to you, please contact the State Revenue Office so that records can be amended.

CHANGE IN LAND USE

If land ceases to be principal residence, primary production or exempt land, you must notify the Commissioner in writing within 30 days of the change. Please use the online application, [Change in Land Use](#) (also at www.sro.tas.gov.au/landtax/change).

HIGHER LAND TAX ASSESSMENT?

There have been no changes to the tax scales for calculating land tax, but your assessment may have changed because:

- there has been a change in the adjustment factor (used by the Valuer-General to adjust the value of all property in a locality);
- there has been a re-valuation of land within one of Tasmania's municipalities since last year (see the Valuer-General's website, www.dpipwe.tas.gov.au/ovg for land value);
- you purchased or sold more property since the last land tax notice of assessment was issued; or
- the property owned by you has had a change of land classification, for example, 'principal residence land' reclassified as 'general' (taxable) land.

OBJECTIONS

I am not satisfied about my land tax account. Can I have it reviewed?

Yes. You are entitled to lodge a formal objection to a land tax assessment. Before doing so, you should contact the SRO to ensure that all relevant information has been provided. In many cases, issues may be resolved at this early stage without the need to make a formal objection. To help us to assist you when you are making an enquiry, please have your notice of assessment ready.

Objection provisions are contained in Part 10 of the [Taxation Administration Act 1997](#). An objection may be lodged about a decision or an assessment made by the Commissioner of State Revenue. To be valid an objection must be made **within sixty (60) days** from the date of service of the notice of assessment or advice of the decision. The objection must be made in writing setting out the grounds on which the objection is made. Concerns about the fairness or amount of land tax are not considered to be valid grounds for objection.

Lodging an objection to a land tax assessment does not mean that interest will be not be applied if you don't pay your land tax assessment by the due date. Before your objection is determined, you can either:

- **Pay** the outstanding tax. If your objection is successful, you will receive a refund of the amount overpaid plus daily interest at the market rate; or
- **Not pay** the outstanding tax. If your objection is not successful, interest and penalty tax will be charged on the outstanding amount in accordance with [Revenue Ruling PUB-GEN-2014-6 – Interest and Penalty Tax](#). Interest will be charged from the due date until the outstanding amount is paid.

The Commissioner cannot consider an objection about the assessed value of your land. Objections about land value can only be made to the Valuer-General, and must be lodged with that office within sixty (60) days after receipt of a Notice of Valuation. Those notices are issued by the Valuer-General's Office under the [Valuation of Land Act 2001](#) following a periodic valuation of a municipality or when a supplementary valuation is undertaken on a specific property.

For more information, please read the [Objections, Reviews and Appeals Guideline](#), available at www.sro.tas.gov.au.

FINANCIAL HARDSHIP

If payment of your account by the due date would cause serious financial hardship, a deferment arrangement may be granted. This may include an extension of time to pay the full amount or mean making smaller regular payments. To apply for a deferment, complete the [online Application to Defer Payments or Pay by Instalments](#) (a link is available at www.sro.tas.gov.au).

Conditions

- You must enter into a direct debit arrangement as a condition of your deferment.
- Interest on unpaid land tax is payable where extensions of time are approved.

Instalments

If your land tax assessment is for **more than \$1,000**, there may be an option for you to pay it in three instalments. However if an instalment is not paid by the due date, the outstanding balance of the account will be payable within 14 days.

INTEREST, PENALTY TAX, AND LEGAL ACTION FOR NON-PAYMENT

If your assessment is not paid by the due date, interest may be applied to on the outstanding land tax. If the land tax, interest and penalty tax were to remain unpaid, legal action may be commenced without notice, a caveat may be lodged against your land, and you may be liable for the costs incurred.

Interest

Interest accrues on a daily basis; it is calculated on the combined amount of unpaid tax and unpaid penalty tax until the total amount is paid. Interest is not imposed on unpaid interest or fees imposed as a result of referral to a debt collection agency or legal action.

General anti-avoidance provision

The General Anti-Avoidance Provision (GAAP) in the [Taxation Administration Act 1997](#) may be applied where a scheme is entered into with the sole or dominant purpose of obtaining a tax benefit.

The GAAP provides the Commissioner with the power to reassess the tax liability of a person or persons who entered into or carried out a scheme. The reassessment could include the amount of the tax benefit that was obtained or that would have been obtained.

LAND TAX ON THE SALE OF 'GENERAL' LAND

If you are selling or transferring your land, any amount of land tax payable for that land must be paid on the day the property is transferred. If you will be unable to make the payment on or before the transfer date, you should seek an extension of time to pay by contacting the State Revenue Office by phone on (03) 6166 4400 or by email to taxhelp@treasury.tas.gov.au.

If you are selling or transferring land, and there is a tax default on other land that you own, the amount of land tax in default must also be paid on or before the date the property is transferred.

If you own more than one property, a proportion of the total amount of land tax liability is payable. To determine if land tax is outstanding, a Land Tax Search should be done.

For information on how to conduct a Land Tax Search, please read the [Land Tax Search Factsheet](#), available at www.sro.tas.gov.au.

LAND TAX LEGISLATION

The Commissioner of State Revenue administers land tax under the [Land Tax Act 2000](#). The provisions of the [Taxation Administration Act 1997](#) also apply to that Act, and cover administrative issues such as:

- your rights and obligations;
- penalties for false and misleading information;
- the imposition of interest and penalty tax;
- objections;

- assessments;
- refunds; and
- the collection of tax.

CONTACTING THE STATE REVENUE OFFICE

Website www.sro.tas.gov.au

Email taxhelp@treasury.tas.gov.au

Phone (03) 6166 4400
 1800 001 388
 (weekdays, 9:00am to 5:00pm)

Fax (03) 6173 0217

Post The Commissioner of State Revenue, GPO Box 1374, HOBART TAS 7001

In person Level 3, 80 Elizabeth Street, Hobart
 (weekdays, 9:00am to 5:00pm)