

Guideline and Frequently Asked Questions

Land tax exemption for: *New dwelling available for long term rental*

An exemption from the payment of land tax for up to three financial years is available for new dwellings made available for long term rental.

The exemption applies for the three financial years after the date that an occupancy permit is issued. The permit must have been issued on a date between 8 February 2018 and 7 February 2021 (inclusive).

Property eligibility requirements

To qualify for this exemption all of the following eligibility criteria for the property must be met at the time you apply:

- the land must be general land - meaning that it must be used for principal residence or primary production land purposes; and
- each dwelling on the land must be a new dwelling - meaning that it must not have been occupied or sold as a place of residence; and
- the first occupancy permit issued for any dwelling on the land must have been issued between 8 February 2018 and 7 February 2021; and
- a written [residential tenancy agreement](#), within the meaning of the [Residential Tenancy Act 1997](#) must be in place for at least one of the properties, for a fixed period of at least 12 months; and
- if there is more than one dwelling on the land, you must be trying actively to put in place a written residential tenancy agreement, as described above, for all other dwellings.

Once your application is approved, to continue to receive the exemption you must ensure that:

- the land is not used for principal residence purposes by the owner of the land; and
- no dwelling on the property is vacant for a total period of more than 6 weeks. For example, if during the financial year a dwelling is vacant for two lots of two weeks, and one lot of three weeks, the property will no longer qualify for the exemption; and
- no dwelling on the property is used for a purpose other than being rented under a [residential tenancy agreement](#), within the meaning of the [Residential Tenancy Act 1997](#).

Application for the exemption

To apply for the exemption, please complete the [Application for land tax exemption - New dwelling available for long term rent](#).

Once the application is approved, you will be required to complete a questionnaire each year for the following two financial years. The questionnaire will determine if you continue to meet the eligibility requirements for the exemption.

Responsibility to satisfy the Commissioner that the property is eligible for the exemption

The onus is on the taxpayer to complete the relevant application form and questionnaires and to provide the documents requested in those forms.

Frequently Asked Questions

I have more than one property which has a new home located on it that I want to make available for long term rental. Can I apply for both?

Yes, provided each property meets all of the eligibility criteria, you may submit an application for each property. For ease of administration, please submit a separate application for each property.

I have two units on my property, and both are new. I have rented only one of the units. Am I eligible for the exemption?

Providing the unit you have rented meets all the eligibility criteria, and you are actively trying to rent the other unit, you will be eligible for the exemption.

I lived in my new home for a month and now want to make it available for long term rent. Do I qualify for the exemption?

No, your property does not meet the eligibility criterion of being a new home.

I built a new house behind an existing house on my property. I live in the existing house and want to rent the new house? Do I qualify for the exemption?

Your property does not qualify for the exemption because it is being used as your principal residence. Also, the property does not meet the eligibility criterion that the first occupancy permit for any dwelling on the land must have been issued on or after 8 February 2018.

I have a newly built dwelling and plan on living there while using one or two rooms to rent to another person. Do I qualify for the exemption?

No. You cannot use the dwelling as principal residence land. However, your arrangement may not be taxable as your tenants may be considered lodgers. For further information please refer to the [Treatment of Residential Land Factsheet](#).

I used the dwelling on my land as short stay accommodation but now want to use it for long term rent. Do I qualify for the exemption?

Your property does not qualify for this exemption because it has previously been occupied. However, you may qualify for the exemption for short stay accommodation converted to long term rental. Information on that exemption can be found [here](#).

I rent my property to a family member. We have an informal arrangement/verbal agreement in place. They intend living there for the next two years. Do I qualify for the exemption?

You must have a written rental agreement for the property for at least a 12 month period that meets the requirements of the [residential tenancy agreement](#) as described in the [Residential Tenancy Act 1997](#). Therefore, your property would not qualify for the exemption.

I have a partial Occupancy Permit on my property which was issued before 8 February 2018. The final Occupancy Permit has not been issued. I now want to rent the property. Do I qualify for the exemption?

No. The partial occupancy permit is deemed to be the first occupancy permit and it was issued prior to the first date for eligibility for the exemption.

Disclaimer

This guideline is designed to give you the best information possible. Occasionally we use examples and scenarios in our public documents as a general guide or simply to illustrate one or more points. They are not intended to cover all situations and, therefore, must not be substituted for independent professional advice.

For advice about your own circumstances, you may need to contact your tax advisor, accountant or solicitor.

More information from the State Revenue Office

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