

Guideline

for legal practitioners and conveyancers

Land Tax Search

Summary

A Land Tax Search certificate is issued by the State Revenue Office (SRO). It shows the land tax payable for that property for the financial year, and includes an estimate of land tax owing by a property vendor at settlement date.

The certificate is based on information available to the SRO at the time of request. Intervening changes to the settlement date or subsequent land tax payments could mean the certificate does not reflect the true estimate. If the Land Tax Search is produced several weeks before settlement, you have the ability to view and edit your original search up to midnight of the original settlement date. The edit function enables you to amend the settlement date if required and produce a new certificate without an additional fee being charged.

Why do I need a Land Tax Search?

Paying Land Tax

The *Land Tax Act 2000* (the Act) states that the owner of property at the beginning of the financial year (that is, 1 July) is liable to pay land tax for that year.

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. In practice this means that most vendors pay any outstanding land tax prior to settlement.

Section 39(2)(a) of the Act sets out that if the vendor owns one property, they must pay the total amount of land tax owing in respect of the land that is sold or transferred, plus any interest and penalty tax payable.

Section 39(2)(c) of the Act requires a vendor who owns more than one property to pay:

- the total amount of land tax plus interest and penalty owing for the land that is sold or transferred; and
- if a tax default has occurred, any land tax plus interest and penalty outstanding on other land owned by them.

Recovering a proportion of Land Tax paid

The Act allows for the vendor to recover from the purchaser, a proportion of land tax paid for the land sold or transferred.

The SRO does not become involved in the recovery of land tax between a vendor and purchaser. However, the Land Tax Search certificate will provide the information needed by each party to allow the apportionment to occur.

Requesting a Land Tax Search using Tasmanian Revenue Online (TRO)

Only registered users can request a Land Tax Search from TRO.

If your firm is not registered for TRO you can apply for registration at www.tro.tas.gov.au.

Once registered, you can obtain a Land Tax Search function on TRO:

1. Log in to the TRO website - www.tro.tas.gov.au;
2. Select Land Tax Search from left hand side menu;
3. Enter property details; and
4. View and/Print your results.

You will receive a monthly Land Tax Search invoice for the certificate fee through TRO.

Land Tax Search from Service Tasmania

If you are **not** a registered TRO user, you can obtain a Land Tax Search at Service Tasmania. You will need:

- a completed and signed Application – Land Tax Search available online or at Service Tasmania;
- payment for the search fee; and
- confirmation that you are:
 - the owner of the land; or
 - a legal practitioner or conveyancer acting for a party to the contract for sale; or
 - a trustee of the owner of the land; or
 - a party to the contract for sale.

Land Tax Search from the SRO

If you are **not** a registered TRO user, you can obtain a Land Tax Search through the SRO. You will need:

- a completed Application – Land Tax Search available at www.sro.tas.gov.au or;
- payment for the search fee (EFTPOS or cheque); and
- confirmation that you are:
 - the owner of the land; or
 - a legal practitioner or conveyancer acting for a party to the contract for sale; or
 - a trustee of the owner of the land; or
 - a party to the contract for sale.

How much is a Land Tax Search?

The fee is \$11.85 effective from 1 July 2018.

This fee is updated annually in accordance with the CPI adjustment factor provided for under Section 5 of the *Fee Units Act 1997*.

How do I pay for a Land Tax Search?

Legal practitioners and conveyancers

- monthly invoicing through TRO; or
- payment at the time of one-off requests.

Individuals

Pay for their request on application at Service Tasmania or the SRO.

The SRO does not accept cash. If cash is your preferred payment method, please apply at Service Tasmania.

How is outstanding land tax calculated for a Land Tax Search?

The following scenarios illustrate how tax payable on the sale or transfer of land would be calculated. You can also use the [land tax calculator and rates](http://www.sro.tas.gov.au) at www.sro.tas.gov.au.

Scenario 1 – One property owned and being sold

The vendor has one property. The tax for the financial year is \$1 200. The vendor has already paid \$400. The remaining \$800 is to be paid at the time the property is transferred.

Scenario 2 – two properties owned, principal residence land sold

The vendor has two properties. One is an investment property and one is principal residence land.

The property being sold is the principal residence land.

No land tax is payable on land classified as 'Principal Residence Land'.

Where a tax default has occurred in respect of the investment property, the vendor is required to pay the total amount of tax in default plus any interest and penalty tax imposed. In such cases, a legal practitioner's or conveyancer's undertaking may be accepted to ensure that payment of the outstanding amount will occur on settlement.

Scenario 3 – three properties owned, vacant block being sold, no other outstanding land tax liability

Property	Assessed Land Value (ALV)
Principal Residence Land	\$150 000 (Non-taxable)
Vacant Block	\$140 000 (Taxable)
Rental Property	\$120 000 (Taxable)

The total value of taxable land is \$260 000 and the total land tax liability is \$1 342.50.

The value of land tax payable in respect of the land being sold is calculated as follows:

$$\text{Land tax payable} \times \frac{\text{Value of land being sold}}{\text{Value of all taxable land}}$$

[plus interest and penalty tax if applicable]

The amount of land tax payable by the vendor for the vacant land at the time of the transfer would be:

$$\$1\,342.50 \times \$140\,000 / \$260\,000 = \$722.90$$

Where a tax default has occurred on the account, the vendor is required to pay the total amount of tax in default plus any interest and penalty tax imposed. In such cases, a legal practitioner’s or conveyancer’s undertaking may be accepted to ensure that payment of the outstanding amount will occur on settlement.

Scenario 4 – four properties owned, a vacant block sold, and some land tax already paid prior to settlement, no other outstanding land tax liability

Property	Assessed Land Value (ALV)
Principal Residence Land	\$120 000 (Non taxable)
Vacant Block A	\$90 000 (Taxable)
Vacant Block B	\$110 000 (Taxable)
Commercial Warehouse	\$300 000 (Taxable)

The total value of taxable land is \$500 000 and the total land tax liability is \$4 087.50.

The Vendor has paid \$1 000 and the tax owing is therefore \$3 087.50.

Vacant block ‘B’ is being sold.

The value of land tax payable in respect of vacant block ‘B’ is calculated as follows:

$$\text{Land tax payable} \times \frac{\text{Value of land being sold}}{\text{Value of all taxable land}}$$

[plus interest and penalty tax if applicable]

The amount of land tax payable by the vendor for vacant block ‘B’ at the time of the transfer would be:

$$\$3\,087.50 \times \$110\,000 / \$500\,000 = \$679.25$$

Where a tax default has occurred on the account, the vendor is required to pay the amount of tax in default plus any interest and penalty tax imposed. In such cases, a legal practitioner's or conveyancer's undertaking may be accepted to ensure that payment of the outstanding amount will occur on settlement.

Scenario 5 – land sold that has no assessed land value

The vendor owns 10.28 hectares of land which has been partially subdivided. The Adjusted Land Value (ALV) for the taxpayer's valued land is \$1 580 000. However, the newly subdivided lots have not been valued by the Valuer-General and therefore do not have an ALV.

Total land tax liability is \$20 287.50; this is based on the value of the 10.28 hectares as if it had not been subdivided (because the value of the subdivided land is not yet known).

One lot of the subdivided land has been sold for \$155 000. The land tax payable on that lot, had it been assessed as a single parcel of land, would be \$765.00.

The value of land tax payable for the subdivided block is calculated as follows:

$$\text{Land tax payable + Single rate on land being sold} \times \frac{\text{Value of land being sold}}{(\text{Value of valued land} + \text{Value of land being sold})}$$

[plus interest and penalty tax if applicable]

The amount of land tax payable by the vendor for the subdivided lot at the time of the transfer would be:

$$(\$20\,287.50 + 765.00) \times \$155\,000 / (\$1\,580\,000 + \$155\,000) = \$1\,880.75$$

Scenario 7 – sale of land with capital improvement and no assessed land value

The vendor owns a new homes subdivision with no assessed land value. They also own other land with an assessed land value of \$750 000.

A new home is being built on one of the lots, and the house and land have been sold for \$350 000.

In order to calculate the land tax payable, the purchase price must be split between the house and the land. A professional valuation firm has valued the land at \$80 000. The land tax payable on that land, had it been assessed as a single parcel of land, would be \$352.50.

The land tax liability for the remaining land holdings is \$7 837.50.

The value of land tax payable in respect of the subdivided block is calculated as follows:

$$\text{Land tax payable + Single rate on land being sold} \times \frac{\text{Value of land being sold}}{(\text{Value of valued land} + \text{Value of land being sold})}$$

[plus interest and penalty tax if applicable]

The amount of land tax payable by the vendor for the subdivided lot at the time of the transfer would be:

$$(\$7\,837.50 + 352.50) \times \$80\,000 / (\$750\,000 + \$80\,000) = \$789.40$$

More information

Website

www.sro.tas.gov.au

Email

taxhelp@treasury.tas.gov.au

Phone

(03) 6166 4400

(weekdays, 9:00am to 5:00pm)

Fax

(03) 6173 0217

Mail

The Commissioner of State Revenue

GPO Box 1374

HOBART TAS 7001

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