

Factsheet

Land Tax and residential land in Tasmania

Land Tax Act 2000

1. About Land Tax

Properties are assessed for any land tax liability on 1 July each year, based on a property's ownership and usage on that date. Land tax is payable to the Commissioner of State Revenue.

2. When does land normally become liable for land tax (taxable)?

Land **not** normally taxable

Property classified by the Commissioner as 'Principal Residence Land' is not normally taxable.

Principal Residence Land is land used as the owner's main place of residence (that is, where they own 50 per cent or more of the land and usually eat, sleep and drink there).

Important: Where the owner of the land merely leaves personal possessions at the property or uses it as a weekend retreat, the property does **not** qualify for the principal residence land classification.

Land **normally** taxable

- The property (or part thereof) is rented out; or
- The owner(s) do not live at the property, even if it is the only property they own; or
- The owner(s) sometimes stay at the property but live elsewhere.
- Owner(s) of at least 50% or more of the land do not reside at the property.

3. I no longer use my property as my Principal Place of Residence

If a property (or part of a property) is no longer being used by the registered owner/s as their principal residence, the owner/s are required to notify the Commissioner of State Revenue in writing within 30 days of the change.

4. Examples of where my principal residence property may or may not be liable for land tax

Proportional land tax

Where part of principal residence land is used for purposes other than as the owner's principal residence, the Commissioner is required to charge land tax on a proportional basis with respect to the parts of land used for other purposes.

Lodgers

In the context of residential accommodations within an owner's dwelling, where an owner accommodates a third party but retains possession and control of the dwelling, the guest has the status of a lodger. Because that use of the property is typically not considered incompatible with the owner's principal residence use, a land tax liability will not ordinarily arise.

Exclusive use

Where an owner grants a third-party exclusive use and possession of the property or part thereof, that party enjoys the status of a tenant and a land tax liability would typically arise.

See examples next pages...

The following examples demonstrate whether or not land tax is applicable in typical lodger and tenant scenarios:

Lodgers

Circumstance	Land tax treatment
I live in my home and occasionally use one or two bedrooms for short-stay visitor accommodation ¹ . When not used for accommodation, I use the bedrooms as part of my principal residence.	Not Taxable
I live in my own home which I use exclusively for principal residence purposes, and a flat attached to my residence is occasionally used for short-stay visitor accommodation. When the flat is vacant it is also used as part of my principal residence.	Not Taxable
I live in my own home which I use exclusively for principal residence purposes and a separate unit which is on my residential land is occasionally used for short-stay visitor accommodation. When vacant the unit is used as part of my residence.	Not Taxable
I live in my own home which I use exclusively for principal residence purposes, and a flat attached to my residence is occasionally used for short-stay visitor accommodation. I do not use the flat as part of my principal residence.	Proportionally Taxable
I live in my home and have a lodger in one of the bedrooms of my home.	Not Taxable

Tenants

Circumstance	Land tax treatment
I live in my own home and lease out a flat that is part of my building. The tenant has exclusive use of the flat.	Proportionately Taxable
I live in my own home and lease out a separate unit which is on my residential land. The tenant has exclusive use of the unit.	Proportionately Taxable
I am leaving my home and leasing out my property for two months, which spans the period including 1 July. The tenant has a formal lease for the entire house during that period and is using my property as their principal residence. I will return to live in the property after the lease expires.	Fully Taxable
I live in my home and have three (3) or more lodgers in three (3) or more bedrooms of my home.	Potentially ² Proportionately Taxable

¹ The term short stay visitor accommodation is intended to include a reference to arrangements such as 'Stayz' and 'Airbnb'. Note however that, whilst arrangements such as 'Airbnb' are expressed to only confer a licence upon the guest to stay (eg lodger), additional terms agreed between the owner and the guest either directly or by implication may confer rights of exclusive possession upon the guest and result in the land being considered to be used for "other purposes" within the meaning of section 26 of the Act.

² The [Residential Tenancy Act 1997](#) provides that, in certain circumstances, accommodating 3 or more lodgers subjects the arrangement to the provisions of that Act, which arrangements would ordinarily constitute "other purposes" within the meaning of section 26 the Act.

Other situations

Circumstance	Land tax treatment
I am leaving my home to go on a holiday for two months, which spans the period including 1 July. I am not taking up a residence elsewhere. A friend is minding the house for me while I am away.	Not Taxable
I am living with my parents, which spans the period including 1 July, and own a property which I am renovating. That property is currently vacant but I will move in when the renovations are complete. I do not own any other land.	Fully Taxable

5. Is my property liable for land tax?

If your property is not used by the owner for their principal residence purposes or for primary production purposes, it is liable to attract land tax even if it is the only property you own. The following examples indicate how land tax is applied to general land properties:

Holiday homes

Circumstance	Land tax treatment
I have a holiday home that I stay in occasionally. I don't own any other property.	Fully Taxable
I have a separate holiday home that I occasionally rent out through a booking agent.	Fully Taxable

Rental properties

Circumstance	Land tax treatment
I own only one property which I rent to a friend. I visit often and plan to live there as soon as I can afford to.	Fully Taxable
I own a separate property that I rent out through a booking agent for short-stay visitor accommodation.	Fully Taxable

Other situations

Circumstance	Land tax treatment
I have accepted work interstate where my partner and I have signed a lease on an (interstate) home and have no immediate intention of returning to my Tasmanian property in the foreseeable future. My Tasmanian property remains unoccupied as I will occasionally return to it.	Fully Taxable
I have accepted work interstate where my partner and I have signed a lease on an (interstate) home and have no immediate intention of returning to our Tasmanian property other than occasionally when visiting my children. My children continue to reside in my Tasmanian property.	Fully Taxable

About the information in this fact sheet

This fact sheet is **not** a definitive statement of the law.

This document is the interpretation of the law applied by the State Revenue Office and has been prepared to assist land owners understand their land tax obligations. The interpretation applied by this fact sheet cannot override the provisions of the relevant legislation such that, if the interpretation identified herein is found to be incorrect or contrary to the law, the Commissioner of State Revenue cannot be prevented from administering the law correctly.

For professional guidance about your specific circumstances, please seek advice from your taxation or legal advisor.

For additional information about land tax, please go to www.sro.tas.gov.au/landtax.

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