

2016 Land Tax Rates

Paul Anderson | December 2015 | Commercial Disputes & Transactions

Summary

The NSW Government has released new land tax rates for 2016.

What action should be taken?

First time land taxpayers should lodge their registration forms at the Office of State Revenue by 31 March 2016.

The NSW Government has announced new land tax rates for 2016. For the 2016 year, land tax is payable on the total value of all land in New South Wales owned as at midnight on 31 December 2015.

Land includes:

- Vacant land including vacant rural land;
- Holiday homes;
- Company title units;
- Residential, commercial or industrial units, including car spaces;
- Commercial properties including factories, shops and warehouses; and
- Land leased from state or local governments.

Exemptions from land tax include land which is the taxpayer's principal place of residence, land which is zoned rural or non urban and is primarily used for primary production, and land used primarily for boarding houses and low cost accommodation, within a 5 kilometre radius from the Sydney GPO.

The value of taxable land is determined by the Valuer General on 1 July of the preceding year and does not include any structures or improvements on the land, such as a house.

2016 Land Values

Prior to 2007, land tax was based only on the value of the land as determined by the Valuer General on 1 July of the preceding year.

As from 1 January 2007, the value used to determine your land tax liability will generally be determined by the average of the land value for the current year and the land value for the two previous years. For example, you own a parcel of land liable for land tax for the 2016 land tax year. The value of the land for the purposes of calculating your land tax liability is determined as follows:

Year	Value
2015 Assumed Land Value	\$560,000
2014 Assumed Land value	\$450,000
2013 Assumed Land Value	\$400,000
Average Land Value	\$470,000

Therefore, the value of the land for the purposes of calculating the tax liability for 2016 will be \$470,000 and not \$560,000.

Where the parcel of land in question was only recently created, the average value will be based only on the land values for those taxing dates when the newly created land did exist. For example, if a new lot was created on 1 March 2014, its land value for 2016 is going to be the average of the land values for 1 July 2014 and 1 July 2015, i.e. an average of two years rather than three.

2016 Land Tax Threshold

The land tax threshold announced for 2016 is \$482,000.

2016 Rates

The land tax rate for 2016 is \$100 plus 1.6% of the land value in excess of the threshold. Therefore, where the land value for the purposes of calculating your tax liability for 2016 is, say, \$500,000, the land tax liability for 2016 would be:

$$(\$500,000 - \$482,000) \times 1.6\% + \$100 = \$388.$$

Where the land value is below the threshold, no land tax is payable.

2016 Premium Land Tax Threshold

Land owners who have total land holdings valued above a premium threshold pay land tax at the rate of 2% on that part of the taxable land value above the premium threshold.

The premium threshold announced for the 2016 land tax year is \$2,947,000.

Therefore, by way of example, where the land value for the purposes of calculating your tax liability for 2016 is, say, \$3,500,000 the land tax liability for 2016 would be:

$$[(\$2,947,000 - \$482,000) \times 1.6\% + \$100] + [(\$3,500,000 - \$2,947,000) \times 2\%] = \$50,600$$

Companies and Trusts

There is no threshold for non-concessional companies and special trusts. The land tax payable is still 1.6% of the land value. For example, if a non concessional company or a special trust has a total land value of, say, \$250,000, the land tax payable will be \$4,000. If the land value exceeds the premium rate threshold of \$2,947,000, then the premium rate of 2% will apply above the premium rate threshold.

Returns

If you own property other than your principal place of residence, you are most likely liable to pay land tax for 2016. A registration form must be completed and lodged with the Office of State Revenue by 31 March 2016. If you have already registered in the previous year, you will automatically receive a Notice of Assessment for 2016. Registration can be done online at www.osr.nsw.gov.au. Alternatively, you can request a registration form from the Office of State Revenue or download it from their website.

Payment

You may pay your land tax in one of two ways.

You can either pay the full amount of land tax prior to the date of the first instalment and receive a 1.5% discount, or pay by three instalments without a discount.

For more information,
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