



Land Tax 2010

MORE INFORMATION



www.osr.nsw.gov.au



1300 139 816*



1300 363 806



GPO Box 4269
Sydney NSW 2001
DX 456 Sydney



Phone enquiries
8.30 am – 5.00 pm, Mon. to Fri.

Counter services
8.30 am – 4.30 pm, Mon. to Fri.

*Interstate clients please call (02) 9689 6200.
Help in community languages is available.

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Who needs to pay?

If you own any property that is not your principal place of residence (your home) as at midnight on 31 December, including a holiday house or unit, you may be liable to pay land tax. This includes property that does not earn any income.

Certain lessees from the Crown or a local council are deemed to be owners of the leased land and are also liable to pay land tax.

The amount of land tax payable depends on the combined value of any taxable land you own or have an interest in, excluding exempt land that is above the threshold. The value of taxable land does not include any structures or improvements on the land such as a house. Any land you own outside of NSW is not subject to land tax in NSW.

What land is exempt?

Principal place of residence

Your principal place of residence is generally exempt from land tax. You can usually only claim an exemption for a principal place of residence on one property.

If you use your land as your principal place of residence and for non-residential purposes, for example, if you run a business on your land, you may be eligible for a reduction in land tax for the proportion used as your residence.

If a company is an owner or part owner, generally it is not entitled to an exemption for a principal place of residence.

Concession for land intended as your principal place of residence

You generally do not pay land tax on land intended as your principal place of residence, provided you do not own another property which would have qualified for an exemption as your principal place of residence at the taxing date. You may be eligible for this concession if you:

- have purchased unoccupied land where you intend to build your principal place of residence (your home), or
- are renovating an existing home that you intend to occupy as your principal place of residence.

This concession applies for the two tax years immediately following the year in which you acquire the property, or, where you are rebuilding or renovating, for the two tax years starting from the time the building or renovations physically commence.

Concession for sale of former residence

If you have purchased a house that you have moved into or intend to move into, or vacant land you intend to build on, but still owned your former home at the taxing date you may be able to claim an exemption for both properties.

To qualify for this concession, strict timeframes apply. If the properties are rented, this concession may not apply.

Other exemptions include:

- land that is zoned rural or non-urban and used for primary production. For all other land the dominant use must be a business of primary production to qualify for the exemption.
- land used and occupied primarily for boarding houses anywhere in NSW, or certain property used for low cost accommodation within a five kilometre radius of the Sydney GPO.
- retirement villages, aged care establishments and nursing homes.
- religious and charitable institutions.

Read more about exemptions or concessions at www.osr.nsw.gov.au

What should you do if you think you are liable for land tax?

If you own property other than your principal place of residence and you think you might be liable for land tax, you need to register for land tax.

You can:

- complete your registration form online at www.osr.nsw.gov.au
- download and return a registration form at www.osr.nsw.gov.au
- contact the Office of State Revenue (OSR) and ask us to post you a form.

This form should be submitted to OSR by 31 March 2010.

Note: if you have submitted a registration form in 2009 or in a prior year and your land holdings have not changed, you do not need to submit another registration form.

You will only need to contact OSR if your land ownership, usage (including subdivisions) or address details have changed. You can make these changes directly using our online form, download and return the variation form available at www.osr.nsw.gov.au, or contact us.

What happens next?

Once we receive your registration form, we will determine your land tax liability. We will then mail you a notice of assessment. This notice will list all the land you own including taxable and exempt land. The notice will also show how much land tax you need to pay.

How is the value of your land determined?

The Valuer General values all land in NSW annually and provides these values to OSR for land tax purposes. Values are determined as at 1 July, preceding each land tax year.

Strata unit valuations

For strata units, the land value for each individual strata lot is calculated on a proportional basis using the unit entitlement for each lot and the aggregate for the strata scheme. Landowners can find out more, or request a land valuation brochure and a general valuation sales report by calling the Land and Property Management Authority toll free on 1800 110 038.

Read more about land valuations at www.lands.nsw.gov.au/valuation

Average values

Since 2007, the value used to determine your land tax liability will generally be the average of the land value for the current tax year and the land values for the previous two years. Where a parcel of land was only recently created (eg by subdivision or amalgamation) the average value will be based only on the land values for those taxing dates when the newly created land item did exist.

What if I disagree with the land value?

Landowners are entitled to submit an objection with the Land and Property Management Authority within 60 days from the date of issue of a land tax assessment. Objections must be made using a valuation objection form or by using the Land and Property Management Authority online objection facility at www.lands.nsw.gov.au/valuation.

Landowners can obtain more information on land values or request a valuation objection guide, a general valuation sales report for the locality and a valuation objection form from the Land and Property Management Authority by calling toll free on 1800 110 038.

How is land tax calculated?

Land tax is calculated on the combined value of all the taxable land you own.

The land tax threshold for 2010 is \$376 000. This means your land tax assessment is calculated on the combined value of all the taxable land you own above this threshold. The amount of tax is \$100 plus 1.6 per cent of the land value between the threshold and the premium rate threshold (\$2 299 000) and 2 per cent thereafter.

Note: where land is owned in partnership, one threshold applies regardless of the number of owners. That is, where land is owned in partnership, the threshold would still be \$376 000.

An individual's interests in a partnership may also be assessable if that owner holds other land individually or with other partnerships.

If the combined value of your land is equal to or below the threshold, no land tax is payable.

Special trusts: If land is owned by a trustee of a special trust the land tax threshold does not apply and land tax will be charged at a flat rate of 1.6 per cent of the taxable value up to the premium threshold, and then 2 per cent thereafter.

Non-concessional companies: Where the concessional or joint concessional companies' land value exceeds the premium rate threshold, the land value of each non-concessional company is assessed at 2 per cent of the taxable value.

Where the concessional or joint concessional companies land value does not exceed the premium rate threshold, but exceeds the general threshold, the land value of each non-concessional company is assessed at 1.6 per cent of the taxable value.

General example

Basic land tax calculation				
Total taxable value of land	Rate of land tax payable	Example		Land tax payable
\$470 000	1.6 cents for each \$1	Total value of land	\$470 000	\$1 604 (\$1 504 + \$100)
		Threshold	\$376 000	
		Value of land above the land tax threshold	\$94 000	
		Rate of land tax payable	x 1.6% (plus \$100)	

Premium land tax calculation				
Total taxable value of land	Rate of land tax payable	Example		Land tax payable
\$2 759 000	2 cents for each \$1 over the premium threshold plus	Total value of land	\$2 759 000	\$40 068 (\$9 200 + \$30 768 + \$100)
		Premium threshold	\$2 299 000	
		Value of land above the premium land tax threshold	\$460 000	
	1.6 cents for each \$1 over the land tax threshold	Total value of land under the premium threshold	\$2 299 000	
		Threshold	\$376 000	
		Value of land above the land tax threshold	\$1 923 000	
		Rate of land tax payable	(\$460 000 x 2%) plus (\$1 923 000 x 1.6%) (plus \$100)	

Special trusts land tax calculation *				
Total taxable value of land	Rate of land tax payable	Example		Land tax payable
\$470 000	1.6 cents for each \$1	Total value of land	\$470 000	\$7 520
		Threshold	Does not apply	
		Rate of land tax payable	x 1.6%	

* For more complex calculations, including related companies, please contact us.

Online services

Use our land tax online services to:

- view the properties you own
- view your land values
- tell us if you have purchased or sold a property
- request an exemption
- update your postal address or contact details.
- use our land tax calculator
- download forms, including registration and variation returns, and applications for clearance and valuation certificates.