

# LAND TAX AMENDMENT BILL 2010

## SECOND READING SPEECH

Mr Speaker/Madam President

The purpose of the Land Tax Amendment Bill 2010 is to amend the *Land Tax Act 2000* and the *Land Tax Rating Act 2000*.

The Bill delivers on the Government's pre-Election commitment to reduce the land tax burden for businesses and investors by flattening the existing four thresholds to three; and by reducing the top marginal rate to 1.5 per cent for aggregate land values exceeding \$350 000. This will reduce the top land tax assessments by almost 40 per cent.

Furthermore, the Tasmanian Government made commitments in December 2009 to exempt weekenders and holiday places owned by families, and to reduce the tax burden on home business operators and first home builders. We will do this by providing new concessions and a new rebate. The amendments in this Bill are designed to deliver on these commitments.

Mr Speaker/Madam President, this Bill will assist Tasmanian families to maintain their traditional lifestyle by implementing a zero rating of land tax for shacks.

Mr Speaker/Madam President, this Bill will cut red tape for small business by removing the need for qualifying home business operators to pay land tax on the portion of their principal residence used to operate their business, as required under the current arrangements.

Small business is an important part of the economy, and the home business concession will continue to encourage innovation and the entrepreneurial culture within Tasmania.

The Bill includes provisions to prevent misuse of the home business concession, including requirements that the prescribed dwelling be predominantly residential in nature; and that it also be the sole permanent business premises.

Mr Speaker/Madam President, this Bill also introduces a land tax rebate for all first home builders. The intention of this amendment is to provide assistance, along with the First Home Owners Grant and duties concession, for young Tasmanians entering the property market and building their first home.

The rebate recognises that the land owners may not initially be eligible for the principal residence concession on land, due to it being vacant during the construction process.

The Government currently provides a one year rebate to all home builders. This Bill will enable first home builders to receive a rebate for an additional year.

The Bill also contains anti-avoidance provisions to ensure that the shack land concession is not abused, including provisions that will prevent vacant land and commercial arrangements receiving the benefit of the concession.

In addition, shack land must be held purely for recreational purposes and the land cannot be used to generate income or advertised with the intention of deriving income.

Shacks constructed prior to 1 July 2004 must not be subject to a council closure order which forbids occupation or habitation under the *Public Health Act 1997*. Furthermore, new shacks or building works conducted on older shacks after 1 July 2004 must comply with both the Public Health Act requirements and also the requirements of the *Building Act 2000*. If they do not, the owners will not receive the benefit of the concession. Finally, the shack land concession is only applicable to one parcel of land per couple.

Mr Speaker/Madam President, whilst Tasmania already has a highly competitive tax system overall, since 2000-01, Tasmania's taxation severity has been assessed as being amongst the lowest three jurisdictions, and the State is one of only two jurisdictions that have been assessed as having taxation severity below the national average in every year from 2000-01, this Bill delivers continued relief to Tasmanian businesses, investors and families by providing over \$28 million in annual tax relief. It cuts the cost of operating a business in Tasmania. It helps Tasmania's families to maintain their traditional family lifestyle and heritage. It provides further assistance for young Tasmanians entering the property market to build homes for their futures.

Mr Speaker/Madam President, I commend the Bill to the House.