

FACT SHEET

LAND TAX AMENDMENT BILL 2010

- The Land Tax Amendment Bill 2010 amends the *Land Tax Act 2000* and the *Land Tax Rating Act 2000* to give effect to a lowering of the rate of land tax and introduction of new land tax concessions for shacks, home businesses and first home builders. The changes will come into effect on 1 July 2010.
- The Bill prescribes a new single top marginal land tax rate of 1.5 per cent for land owners with aggregate land values exceeding \$350 000; cutting the current marginal rates of 2 per cent for values between \$350 000 and \$749 999 and 2.5 per cent for values in excess of \$750 000.

Aggregated land value	Marginal tax rate
\$0 – \$24 999	0% (no change)
\$25 000 – \$349 000	0.55% (no change)
\$350 000 and above	1.5 % (currently 2%)
(Currently a marginal rate of 2.5% applies to land valued over \$750 000)	

- The Bill provides for the zero rating of land tax (effectively providing an exemption) on land determined by the Commissioner of State Revenue to be 'shack land'.
 - A taxpayer and their spouse may only receive the shack land classification for one parcel of land. Furthermore, companies are ineligible.
 - Anti-avoidance provisions are included to ensure that the land value of the shack land does not exceed \$500 000; must include a fixed dwelling; and does not generate income.
 - The dwelling must also not be subject to a closure order by a council and not be used as a permanent residence by any person. Building work on shacks since 1 July 2004 must demonstrate compliance with the *Building Act 2000* to be eligible for the concession.
- The Bill provides a concession for qualifying home business operators who currently pay land tax on the portion of their principal residence land used to operate a business.
- The Bill also provides a two year land tax concession for first home builders. All home builders are currently entitled to one year of land tax rebate for the year in which land is not resided on due to construction of a dwelling. First home builders may receive a rebate for an additional year during which land is vacant or building work is underway.
- It is expected that the land tax reforms will provide over \$28 million in tax relief annually.