

Taxation Administration (Land Tax) Determination 2014 (No 2)

Disallowable instrument DI2014–279

made under the

Taxation Administration Act 1999, s 139 (Determination of amounts payable under tax laws)

EXPLANATORY STATEMENT

1. This determination is taken to have commenced on 1 October 2014.
2. As part of the 2012-13 Budget, the Government announced that it would be reforming the Territory's taxation system. As part of this package, reform has been undertaken to the land tax system. This instrument implements the Government's reform to the land tax system that was introduced with the Land Tax Amendment Act 2014.
3. Under section 139 of the *Taxation Administration Act 1999*, the Minister has the authority to determine, in writing by disallowable instrument, amounts and rates applicable for the *Land Tax Act 2004*.
4. The purpose of this instrument is to determine the rates for the calculation of land tax for residential land, for section 9 (4) of the *Land Tax Act 2004*. As a part of continuing taxation reform, land tax has not been levied on commercial properties since 1 July 2012.
5. The introduction of a new structure for land tax calculation was announced as part of the 2014-15 Budget. This structure comprises a fixed charge component and lower marginal rating factors. The Land Tax Amendment Act 2014 introduced the fixed charge component of land tax into the *Land Tax Act 2004*.
6. The fixed charge amount of \$900 will help to ensure equity within the land tax system and more appropriately spread the burden between standard residential properties (with generally higher Average Unimproved Values (AUV)) and multi-unit dwellings (with generally lower AUVs).
7. Calculation of land tax liability for rented residential land and residential land owned by a corporation or trustee:
 - An average unimproved land value of \$75,000 or less will pay a land tax rate of 0.41%, plus a fixed charge of \$900.
 - An average unimproved land value of between \$75,001 and \$150,000 will pay a land tax rate of \$1,207.50 (inclusive of the fixed charge amount) plus 0.48% on the average unimproved value of land above \$75,000.

- An average unimproved land value of between \$150,001 and \$275,000 will pay a land tax rate of \$1,567.50 (inclusive of the fixed charge amount) plus 0.61% on the average unimproved value of land above \$150,000.
 - An average unimproved land value of \$275,001 or more will pay a land tax rate of \$2,330.00 (inclusive of the fixed charge amount) plus 1.23% on the value of average unimproved land above \$275,000.
8. The marginal rates detailed above have been reduced from 2013-14, where the rates ranged from 0.60% to 1.80%.
 9. This instrument revokes DI2014-181. However, DI2014-181 continues to apply for the period 1 July 2014 to 30 September 2014, inclusive. DI2014-181 introduced the fixed charge and lower marginal rates to the calculation of land tax, pending successful passage of the Land Tax Amendment Act 2014; this Act was passed and notified, taking effect from 1 October 2014.
 10. This instrument does not change how land tax has been calculated since 1 July 2014, and does not alter the amount of the fixed charge (\$900). This instrument is required to address the new provisions introduced into the *Land Tax Act 2004* regarding the fixed charge.

Authorised by the Treasurer
Andrew Barr MLA.