

Taxation Administration (Amounts Payable-Land Rent) Determination 2015 (No 1)

Disallowable instrument DI2015-165

made under the

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

EXPLANATORY STATEMENT

1. The *Taxation Administration Act 1999* (TAA) deals with the administration of various tax laws relating to the imposition and collection of certain taxes, duties and licence fees.
2. Section 139 of the TAA empowers the Minister to determine the amount of taxes, duties and licence fees payable under a tax law, including the *Land Rent Act 2008* (the Land Rent Act). The Land Rent Act imposes land rent on certain residential leases.
3. This instrument commences on 1 July 2015.
4. For the purposes of the provisions of the Land Rent Act specified below, the following are determined under section 139 of the TAA:

(1) **Standard Percentage (Leases first granted prior to 1 October 2013)**

For the purposes of sections 8, 15, 16 and 17 of the Land Rent Act, the *standard percentage* is 4%. This is the annual amount of land rent as a percentage of the unimproved value of the parcel of land under a land rent lease. For example, if the unimproved value of a parcel of land is \$200,000, then the annual land rent for that parcel of land is \$8,000.

(2) **Discount Percentage**

For the purposes of sections 8, 15 and 16 of the Land Rent Act, the *discount percentage* is 2%. This is the amount of land rent as a discounted percentage of the unimproved value of the parcel of land under a land rent lease where a lessee is eligible under section 11 of the Land Rent Act. For example, if the unimproved value of a parcel of land is \$200,000, then the annual land rent for that parcel of land is \$4,000.

(3) **Relevant Percentage**

For the purposes of sections 8, 8AA and 15 of the Land Rent Act, the *relevant percentage* relating to this instrument is 2.04%. This is the annual change in ACT full time adult total Average Weekly Earnings (AWE), for the period November 2013 to November 2014, as reported by the Australian Bureau of Statistics.

The relevant percentage caps the increase to protect households from large rental increases due to increases attributed to unimproved land values.

(4) Income Threshold Amount (Leases first granted prior to 1 October 2013)

For the purposes of sections 11 and 15 of the Land Rent Act, the *income threshold amount* means the gross income threshold amount with reference to the number of dependent children the lessees of a land rent lease have.

The *gross income threshold amount* is set at \$97,900 per annum (an upward rounding to the nearest \$100) indexed annually by the annual change in Average Weekly Earnings (AWE) as reported by the Australian Bureau of Statistics and as described in paragraph 3 above.

There is an additional allowance for each dependent child of \$3,330 per annum up to a maximum of \$114,550 per annum for a lessee eligible for the discount percentage with 5 or more dependent children in accordance with the following table:

Number of dependent children	Total Lessee income threshold
0	\$97,900
1	\$101,230
2	\$104,560
3	\$107,890
4	\$111,220
5 or more	\$114,550

(5) Income Threshold Amount (Leases first granted on or after 1 October 2013)

For the purposes of sections 11 and 16AA of the Land Rent Act, the *income threshold amount* means the gross income threshold amount with reference to the number of dependent children the lessees of a land rent lease have.

For land rent leases first granted on or after 1 October 2013, the income threshold remains unchanged and is calculated based on the income of the lessee and their domestic partner. Definitions of ‘total income’ and ‘domestic partner’ for post-1 October leases are provided under a separate disallowable instrument (made under section 9A of the Land Rent Act).

The *gross income threshold amount* for land rent leases first granted on or after 1 October 2013 is set at \$160,000 per annum.

There is an additional allowance for each dependent child of \$3,330 per annum up to a maximum of \$176,650 per annum for a lessee eligible for the discount percentage with 5 or more dependent children in accordance with the following table:

Number of dependent children	Total household income threshold
0	\$160,000
1	\$163,330
2	\$166,660
3	\$169,990
4	\$173,320
5 or more	\$176,650

5. Application of this instrument and changes

This instrument revokes Disallowable Instrument DI2014-176. However, DI2014-176 continues to apply to applications for Discounted Land Rent for the period 1 July 2014 to 30 June 2015 inclusive.

Authorised by the Treasurer
Andrew Barr MLA