

Taxation Administration (Rates) Determination 2016 (No 1)

Disallowable instrument DI2016-110

made under the

Taxation Administration Act 1999, s139 (Determination of amounts payable under tax laws)

EXPLANATORY STATEMENT

1. This Disallowable Instrument commences on 1 July 2016.
2. As part of the 2016-17 Budget, the Government announced that it would continue to reform the Territory's taxation system. Further reform to the general rates system will continue with the 2016-17 Budget.
3. General rates are levied on residential, commercial and rural properties to provide funding for a wide range of essential services to the Canberra community, including municipal services, schools, roads and hospitals.
4. 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 *Rates Act 2004*.
5. This instrument determines the variable rating factors for the purpose of the calculation of rates payable under the *Rates Act 2004*.
6. This instrument determines different amounts for the FC or fixed charge and the P or percentage rate for section 14 (3) of the *Rates Act 2004*.
7. This instrument determines the fixed charge for a parcel of commercial land, the fixed charge for a parcel of residential land, the percentage rates for a parcel of commercial land, and the percentage rates for a parcel of residential land. The values are determined for section 34 (4) of the *Rates Act 2004*.
8. For section 14 (3) of the *Rates Act 2004*, the fixed charge (FC) for 2016-17 is determined at:
 - \$765 for residential land (increased from \$730 in 2015-16);
 - \$2,235 for commercial land (increased from \$2,130 in 2015-16); and
 - \$150 for rural land (remains unchanged from 2015-16).

9. For section 14 (3) of the *Rates Act 2004* the instrument determines the different amounts for percentage rates. Table 1 provides the thresholds and rates for residential, commercial, and rural land.
10. A new threshold for unimproved residential land values of over \$600,000 with a higher marginal rate has been introduced, as announced in the 2016-17 Budget. This will rebalance the general rates burden and lower the burden for residential properties with medium average unimproved values.
11. A new threshold for unimproved commercial land values of over \$600,000 with a higher marginal rate has also been introduced, as announced in the 2016-17 Budget. This will increase the progressivity of the general rates scale for commercial properties.
12. Calculation of general rates for residential land is as follows:
 - The owner of land which has an average unimproved land value of \$150,000 or less will be assessed at a rate of 0.2746% (remains unchanged from 2015-16).
 - The owner of land which has an average unimproved land value of between \$150,001 and \$300,000 will be assessed at \$411.90 plus 0.3900% (increased from 0.3857% in 2015-16) on the average unimproved value above \$150,000.
 - The owner of land which has an average unimproved land value of between \$300,001 and \$450,000 will be assessed at \$996.90 plus 0.4800% (increased from 0.4629% in 2015-16) on the average unimproved value above \$300,000.
 - The owner of land which has an average unimproved land value of between \$450,001 and \$600,000 will be assessed at \$1,716.90 plus 0.5400% (increased from 0.5339% in 2015-16) on the average unimproved value above \$450,000.
 - The owner of land which has an average unimproved land value greater than \$600,000 will be assessed at \$2,526.90 plus 0.5750% on the average unimproved value above \$600,000.
13. Calculation of general rates for commercial land is as follows:
 - The owner of land which has an average unimproved land value of \$150,000 or less will be assessed at a rate of 2.8000% (increased from 2.6274% in 2015-16).
 - The owner of land which has an average unimproved land value of between \$150,001 and \$275,000 will be assessed at \$4,200.00 plus 3.3000% (increased from 3.0467% in 2015-16) on the average unimproved value above \$150,000.
 - The owner of land which has an average unimproved land value of between \$275,001 and \$600,000 will be assessed at \$8,325.00 plus 4.6600% (increased from 4.4339% in 2015-16) on the average unimproved value above \$275,000.
 - The owner of land which has an average unimproved land value greater than \$600,000 will be assessed at \$23,470.00 plus 4.7700% on the average unimproved value above \$600,000.

14. The rural land rating factor has not been altered from 2015-16 and will be assessed at a rate of 0.1468%
15. This instrument revokes DI2015-162. DI2015-162 continues to apply to the period 1 July 2015 to 30 June 2016 inclusive.

Authorised by the Treasurer
Andrew Barr MLA