

Australian Capital Territory

# Taxation Administration (Amounts Payable—Land Tax) Determination 2019 (No 1)

Disallowable instrument DI2019–145

made under the

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

## EXPLANATORY STATEMENT

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### Commencement

This instrument commences on 1 July 2019.

### Background

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* (the Act).

This instrument determines the fixed charge and percentage rates (commonly referred to as ‘marginal rating factors’) for land tax and a flat percentage rate for the foreign ownership surcharge (the surcharge).

### Preliminary (part 1)

This instrument clarifies that any amount that is part of an AUV must be rounded down to the nearest dollar before the marginal rating factors are applied.

The ‘base value’ referred to in this instrument is a reference to the base value to which rating factors apply.

- For non-unit properties, base value refers to the Average Unimproved Value (AUV) of the parcel of land.
- For residential units, base value refers to AUVRU (the AUV of the entire parcel as it relates to the proportion of all residential units).

This instrument includes an example concerning how the determined fixed charges and percentage rates apply to a quarter. The amounts determined in this instrument are the full amounts that would apply if a parcel of land was liable over a full year, or four consecutive quarters. The example clarifies the existing practice of calculating land tax

for a single quarter by apportioning the annual amount to the number of days in the full year corresponding to the quarter.

### **Determination of land tax (part 2)**

From 1 July 2018 land tax is imposed on a parcel of rateable residential land unless it is an owner's principal place of residence or the parcel is otherwise exempt from land tax. As a part of continuing taxation reform, land tax has not been levied on commercial properties since 1 July 2012.

For 2019-20 land tax is made up of a fixed charge of \$1,263 (increased from \$1,203 in 2018-19) and marginal rating factors determined as follows. The marginal rating factors remain unchanged since 2017-18.

<b>Base value</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
\$150,000 or less	0.50%	0.50%	0.50%
\$150,001 to \$275,000	0.60%	0.60%	0.60%
\$275,001 to \$2,000,000	1.08%	1.08%	1.08%
\$2,000,001 or more	1.10%	1.10%	1.10%

### **Determination of foreign ownership surcharge (part 3)**

The 2017-18 Budget Review announced the introduction of a surcharge on foreign investors who own residential property in the ACT from 1 July 2018. The surcharge is applied to a parcel of rateable residential land owned by a foreign person on the first day of a quarter.

This instrument determines a surcharge rate of 0.75 per cent of the property's base value for the purposes of section 17E (4) of the Act (as amended by the *Land Tax Amendment Act 2018* with effect from 1 July 2018). This rate remains unchanged for 2019-20.

### **Revocation**

This instrument revokes DI2018-179. However, DI2018-179 continues to apply for the period 1 July 2018 to 30 June 2019, inclusive.

Authorised by the Treasurer  
Andrew Barr MLA