

Australian Capital Territory

Rates (Fixed Charge) Exemption 2019 (No 2)

Notifiable Instrument NI2019–853

made under the

Rates Act 2004, section 41 (Exemption from rates)

EXPLANATORY STATEMENT

Updates

This instrument revokes and replaces *Rates (Exemption from Rates—Fixed Charge) Declaration 2018*, NI2018-334. It commences retrospectively, on 1 July 2019, and provides an exemption from the fixed charge component of general rates for the properties granted an exemption under the previous instrument and the three newly unit titled car spaces in Kingston.

Background

Section 14 of the *Rates Act 2004* (the Rates Act) imposes general rates on all parcels of rateable land in the ACT. Rateable land includes residential, rural and commercial land.

General rates comprise of a fixed charge (FC) amount, in addition to an ad valorem amount based on the Average Unimproved Value of the land (AUV) and a marginal rating factor (P).

General rates are levied on all properties to provide funding for a wide range of essential services to the Canberra community, including municipal services, schools, roads and hospitals.

Under section 41 of the Rates Act the Minister may exempt the owner of a parcel of land from payment of rates owing for any period in relation to the parcel of land, or from payment of a stated part of the rates.

This instrument provides an exemption from only the FC component of general rates on certain small, special interest community-based clubs and unit titled car park spaces, that are classified as commercial properties (as they are not residential or rural).

Commercial general rates attract a higher rates charge, resulting in a significant financial impost for these small clubs, which do not have the capacity to generate their own revenue. Additionally, the commercial rating results in a significant financial impact for the owner of a unit titled car park space, who must pay the entire FC on the space. This

instrument provides such clubs and car park spaces with financial relief by removing the FC component from their rates liability.

Section 41 of the Rates Act provides that the exemption must apply for a period of time. The exemption is available from 1 July 2019 to 30 June 2024, inclusive. After this period, the exemption will be reviewed.

This instrument revokes the *Rates (Exemption from Rates—Fixed Charge) Declaration 2018*, NI2018-334. NI2018-334 continues to apply between 1 July 2018 and 30 June 2019, inclusive.

Retrospectivity

This instrument is taken to have commenced on 1 July 2019.

Section 76(1) of the *Legislation Act 2001* provides that a statutory instrument may provide that a non-prejudicial provision of an instrument commences retrospectively.

This instrument is applied retrospectively to the benefit the owners of the unit titled car spaces in Kingston to receive the exemption from the fixed charge component of rates for the 2019-20 rating year.

Authorised by the Treasurer
Andrew Barr MLA