

Taxation Administration (Amounts Payable—Land Tax) Determination 2021

Disallowable instrument DI2021–169

made under the

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

EXPLANATORY STATEMENT

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).

The *Taxation Administration (Amounts Payable—Land Tax) Determination 2021* (the Land Tax Determination) 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).

Commencement

The Land Tax Determination commences on 1 July 2021.

Preliminary (Part 1)

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).

Note, the definition of AUV has been amended from 1 July 2019 to extend the averaging period from three years for determining AUV (as provided under the *Rates Amendment Act 2020*). A period of four years was used for 2020-21, and five years is used for 2021-22 onward.

The Land Tax Determination includes an example concerning how the determined fixed charges and percentage rates apply to a quarter. The amounts determined in this

instrument are the 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.

The Land Tax Determination also 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.

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 taxation reform, land tax has not been levied on commercial properties since 1 July 2012.

For 2021-22, land tax is made up of a fixed charge of \$1,392 (increased by 5 per cent from \$1,326 in 2020-21) and marginal rating factors determined as per the following table. The marginal rating factors are increased by 0.02 percentage points for each marginal tax rate to account for the extension of the averaging period for AUV to five years from 2021-22.

Base value	2020-21	2021-22
\$150,000 or less	0.52%	0.54%
\$150,001 to \$275,000	0.62%	0.64%
\$275,001 to \$2,000,000	1.10%	1.12%
\$2,000,001 or more	1.12%	1.14%

Determination of foreign ownership surcharge (Part 3)

A surcharge on foreign investors who own residential property in the ACT commenced on 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.

The Land Tax Determination 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. This rate remains unchanged for 2021-22.

Revocation

The Land Tax Determination revokes *Taxation Administration (Amounts Payable—Land Tax) Determination 2020*, DI2020-177. DI2020-177 continues to apply for the period 1 July 2020 to 30 June 2021, inclusive.

Authorised by the Treasurer
Andrew Barr MLA