

# Land tax 2001 – Information Booklet

This booklet is intended to assist people who will be lodging land tax returns for 2001 tax year and as a general guide to NSW land tax.

## What is land tax?

Land tax is a tax on the ownership of land in NSW (including vacant land or a flat or home unit) except land that is exempt such as your principal place of residence or land used for primary production.

The land value threshold for land tax is linked to the annual increase in the value of commercial, industrial and residential land across NSW.

The 2001 land tax threshold is \$205 000, up \$13 000 on last year. Your land tax liability for 2001 is based on all liable land held at midnight 31 December 2000.

## Premium property tax

Premium property tax only applies to principal places of residence where the 2001 value of the land is \$1.319 million or more. The threshold of \$1.319 million is up \$ 85 000 on last year.

The threshold is indexed according to the average change in residential land values in the Sydney statistical division made up of 45 local council areas. This threshold will not fall if the land values fall.

By law, the premium property tax can only apply to the top 0.2 per cent of homes in NSW.

## How valuations are made

Valuations for land tax are made for the Chief Commissioner of State Revenue on 1 July preceding each land tax year.

They **should not** be confused with those made by the Valuer General in the normal cycle of business such as valuations provided to local government for rating purposes.

## When to make an initial return

If you own land other than your principal place of residence and are not sure if you are liable for land tax, you will need to lodge an initial return. By lodging an initial return, OSR can notify you of your land tax liabilities before they become overdue. You can obtain a form for this by contacting us or visiting the OSR website. All initial returns must be received on or before **28 February 2001**.

## When to make a variation return

A variation return is included with your notice of assessment. You must complete this return if there has been a change in the ownership or use of any land or land not included in your notice.

A variation return must be received on or before the first instalment date, or within 40 days of the issue of a Nil assessment, or as otherwise requested.

## Summary of changes for 2001

- Land tax rate for 2001 is 1.7 per cent
- New higher land tax threshold of \$205 000
- New higher premium property tax threshold of \$1.319 million
- 1.5 per cent early payment discount
- New format for land tax assessment notices
- Posting of Assessment Notices from February 2001
- Flexible ways to pay your land tax - see page 5

## Additional information available on Website: [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

Detailed land tax information is available on OSR's website and includes forms which can be downloaded for lodgement. These include initial and variation returns, exemption requests, applications for clearance certificates and an electronic payment application form. There are also some sample calculations and links to land tax legislation and Revenue Rulings.

## To get your answers by phone

Our service staff can send you more information about land tax and help answer your land tax questions.

## Please contact us

<b>Parramatta:</b>	9685 2155 (local) 1800 061 163 (NSW)
<b>Newcastle:</b>	4925 5333 (local) 1800 641 979 (NSW)
<b>Wollongong:</b>	4253 1000 (local) 1800 622 725 (NSW)
<b>Email:</b>	landtax@osr.nsw.gov.au
<b>Phone hours:</b>	8.30am – 5pm Mon - Fri
<b>Extended phone hours:</b>	12 Feb – 29 Mar Parramatta 8.30am – 7pm Mon -Thurs



## 1 Liable owners

For the purposes of land tax, an owner is defined as any of the following:

- sole owner
- joint owner
- company - whether solely or as a part of a group of related companies
- trustee of a special trust (as defined)
- a trustee or beneficiary of any other type of trust
- society or organisation whose land is not exempt from land tax
- unit holders with interests in unit trusts.

### How liability is assessed

- A sole owner with one or more parcels of non-exempt land where the total land value is \$205 000 or more.
- A principal place of residence is liable where the land value is \$1.319 million or more.
- Joint owners are assessed **jointly** on one or more parcels of non-exempt land where the total land value is \$205 000 or more. A joint owner will also be assessed as a sole owner where the proportion of the value of land owned jointly, when added to the value of land owned solely is \$ 205 000 or more.
- A company may be assessed in the same way as a sole owner. A related company can be assessed separately or assessed jointly with another company or companies to which it is related.
- A trustee of a special trust is assessed on non-exempt land where the total value is \$ 5 883 or more.

Trusts regarded as special trusts are:

- discretionary trusts
- some superannuation trusts
- some family trusts
- some deceased estates

When land is owned by a trust on behalf of a superannuation fund and the fund complied with the *Commonwealth Superannuation Industry (Supervision) Act 1993* for the year of income preceding 31 December 2000, the trust will not be regarded as a special trust if it is a:

- fund which has elected to be a regulated fund and was a complying fund
- complying approved deposit fund
- pooled superannuation trust.

A trustee of any other type of trust is assessed in the same way as a sole owner. A trustee may include an executor, an administrator, a guardian, a receiver or a liquidator. Land held in trust for different persons but administered by the same trustee are not

aggregated for land tax purposes, and land owned beneficially by the trustee is not assessed with any trust land unless a joint ownership with the trust exists.

## 2 Exempt land

### Land used and occupied as the owner's principal place of residence

An exemption is available for the land, not being land owned by or jointly with a company or a special trust, used and occupied as the owner's principal place of residence, provided the land value as determined for the Chief Commissioner of State Revenue is less than \$ 1.319 million.

If the land value is \$ 1.319 million or more, premium property tax is assessed independently of any other land liable for land tax.

The Chief Commissioner may grant an extension of time to pay the tax on a principal place of residence, where an owner is unable to pay the tax when it falls due.

Commonwealth Pensioner Concession Card or Commonwealth Seniors Health Card holders are entitled to defer payment indefinitely. In these cases, interest will be charged at the rate of increase in the Consumer Price Index (CPI) for the relevant period, instead of the market rate specified in the *Taxation Administration Act 1996*.

### An exemption or partial exemption is also available for:

- land where income is earned by the owner from other occupancies on the land, for example separate accommodation such as a granny flat
- up to one year from the date of death for the land owned by a deceased estate formerly used and occupied by the deceased as his or her principal place of residence
- up to two years to rebuild on the land for people whose homes are damaged or destroyed through an event such as fire, earthquake, storm, accident or malicious damage
- a strata lot used as the owner's principal place of residence and no other purpose.

### Land intended as the owner's principal place of residence

This includes residential land – improved or unimproved – purchased with the sole intention of being used and occupied by the owner as their principal place of residence. This exemption applies for two tax years immediately after purchase. It does not apply where a person, including a joint owner, owns and occupies other land as a principal place of residence.

### Primary production land

This includes land being used for a business of primary production and land in rural or non-urban zones being used for primary production.



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### **Land used to maintain endangered animals and birds**

Exemptions are available for land used for maintaining endangered native animals and birds if the Director-General of National Parks and Wildlife approves. Conditions specified by the Director-General must be met.

### **Land used and occupied primarily for low cost accommodation**

Land used and occupied primarily for low cost accommodation when conditions, including maximum tariff limits specified in guidelines approved by the Treasurer, are met. The guidelines allow an exemption if the land is:

- used for a boarding house occupied by long term residents
- is used for self-contained accommodation (such as houses and flats) and is situated within a five kilometre radius of the Sydney GPO.

### **Retirement villages and nursing homes**

Exemption is available for land used and occupied as a retirement village or a combined retirement village and nursing home. A partial exemption applies where only part of the land or a building is used and occupied for these purposes. Exemptions apply to land used or occupied as the site of a nursing home as defined in the *Nursing Homes Act 1988*.

### **Other exempt land**

Exemptions are also available to certain land owned by societies, charitable or educational institutions, unions and associations which are not carried on for pecuniary profit, some government or semi-government bodies and Aboriginal Land Councils.

## **3 Concessions**

### **Land used as a single dwelling-house but zoned commercial or industrial**

Where land is used or occupied solely as the site of a single dwelling-house, owners may be entitled to postponement of part of the land tax payable.

The land must be zoned for industry, commerce or residential flats, or zoned to permit subdivision of the land for residential purposes. Owners must apply for this concession.

### **Land used partly as the owner's principal place of residence**

Owners of land who occupy part of a building or buildings as their principal place of residence are entitled to have the land value reduced according to the proportion of the land used as their principal place of residence.

This concession applies where the land is used solely for residential purposes, or partly for commercial and partly for residential purposes.

Where appropriate, an apportionment factor for mixed development will be used. Owners must apply for this concession.

### **Shareholders in home unit companies**

Owners of shares in home unit companies whose shares entitle those owners to exclusive right of occupancy of part of the building are deemed to own that part as if it were a strata lot. The company is not regarded as the owner of the land.

### **Joint owners of flats**

Where the ownership of the land entitles each joint owner to exclusive right of occupancy of a flat, each owner is deemed to own that flat as if it were a strata lot. The owners are not regarded as joint owners of the land.

### **Leasebacks**

Vendors who lease back the land they have sold will be exempted from liability for land tax on that land if the sale has been completed and the agreement for sale was not for the purposes of evading land tax.

### **Heritage conservation items and heritage-restricted land**

Owners of land listed on the State Heritage Register under the *Heritage Act 1977* have their land valued in accordance with that act. If that land was previously subject to a permanent conservation order, the parcel will also be separately assessed as if it were the only land owned.

Owners of heritage-restricted land are entitled to have their land value determined allowing for that restriction. You should advise OSR if your land is eligible and apply for these concessions.

### **Unoccupied flood-labile land**

Owners of unoccupied land that is liable to flooding can have that land assessed as if it were the only land owned. You should advise us if your land is eligible and make an application for this concession. A letter from the relevant council to certify the land is flood-labile is required if owners apply for this concession.

### **Rent-protected land**

Owners of rent-protected land due to restrictions imposed by the *Landlord and Tenant (Amendment) Act 1948*, are entitled to have the land value determined allowing for that restriction. You should advise us if your land is eligible and apply for this concession.

**A separate application in addition to the initial and variation returns is required for most exemptions and concessions - contact OSR for details.**

## **4 Lodgement of returns**

If you own one or more parcels of taxable land with a combined value of \$ 205 000 or more as at 31 December 2000, you must lodge an initial return for the 2001 land tax year if you did not lodge a return or receive an assessment for the 2000 land tax year. This initial return must be received on or before 28 February 2001.



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Land owners who lodged returns for the 2000 tax year are not required to lodge a return unless you received an incorrect 2001 assessment or have been asked to do so by the Chief Commissioner of State Revenue.

Your variation return must be lodged by the first instalment due date, or within 40 days of the issue of a Nil assessment or if otherwise requested. Interest is imposed for late lodgement.

If you did not lodge a return for the 2000 tax year and you are not sure if you are liable, you should contact the Office of State Revenue.

## 5 Important information

The information provided to OSR is required by law to determine your land tax liability.

Under the *Taxation Administration Act 1996* it is an offence to give false or misleading information. You may also be liable to interest and/or penalty tax.

You may review or correct any personal information provided by you by contacting OSR.

## 6 Calculating land values

### Annual valuations

All land in NSW is valued each year for land tax purposes. Land values are determined as at 1 July, preceding each land tax year. Your land tax liability for 2001 is based on all liable land held at midnight 31 December 2000.

### Allowances for land improvement expenses

An allowance, or reduction in land value, may be applicable where expenses for land improvements have been incurred by an owner, occupier or lessee. The allowance is available only to a land owner who was the owner when the expenses were incurred.

### Other allowances

Other allowances are also available and are taken into account when your land value is determined.

These allowances are for land subject to:

- being used or occupied solely as the site of a single dwelling-house but zoned for other uses
- heritage conservation orders
- heritage restriction contained in a planning instrument
- rent protection under the *Landlord and Tenant (Amendment) Act 1948*.

### Apportionment factors for mixed developments

Owners of land that has residential and other usage eg a shop with a residence attached where the owner uses the land as his or her principal place of residence are entitled to a reduction in the taxable land value.

The taxable value is reduced to an amount equal to the proportion represented by the rental value of

the commercial part of the land divided by the overall rental value of the land. Owners must apply for this concession.

## 7 How land tax is calculated

When your landholdings have been identified we will issue a notice of assessment using the following calculations :

Taxable value as assessed	Land tax payable
<b>General</b>	
Less than \$205 000	Nil
Equal to \$205 000	\$100
More than \$205 000	\$100 plus 1.7 cents for each \$1 in excess of \$205 000

### Companies and special trusts

Land owned by a non-concessional company or a special trust	1.7 cents for each \$1 of the taxable value
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### In the case of a principal place of residence

Less than \$1.319 million	Nil
Equal to \$1.319 million	\$100
More than \$1.319 million	\$100 plus 1.7 cents for each \$1 in excess of \$1.319 million

*Where the amount of land tax calculated is less than \$100, no tax is payable.*

## 8 Objections and appeals

If you are dissatisfied with an assessment(s), you may object to the Chief Commissioner of State Revenue within 60 days of receiving the assessment(s). Your objection must be in writing and should set out the grounds for objection in detail. We will send a written decision to your objection as soon as possible. You may object to any land value that we use to assess your liability.

If you are dissatisfied with our decision to your objection, you may request a review of the decision within 60 days of the date of our letter. You can request either the Administrative Decisions Tribunal or the Supreme Court to review our decision. However, you may only request a review of a land value decision to the Land and Environment Court.

Please note that interest is calculated on unpaid tax even if you have lodged an objection or a request for a review. We will pay interest to you, if your objection or review is successful and you have overpaid your tax.



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## 9 Duties of agents

A person who controls land in NSW which is owned by a taxpayer who lives outside NSW must comply with any requirements to lodge returns and pay land tax on behalf of the owner or taxpayer.

The agent is authorised to recover from the taxpayer any amounts paid on behalf of that taxpayer; and to retain out of any money received as the taxpayer's representative (for example, through sale of real or personal property) as much as is needed to pay any land tax which is or will become due on the taxpayer's land.

## 10 Miscellaneous

### Strata lots

Lots in strata plans are classified as land for land tax purposes. The method of calculating tax payable is the same if a strata lot is residential or non-residential.

### Land tax clearance certificates

Land tax is a first charge on land. A prospective purchaser of land can determine whether the land they are purchasing is subject to a charge by applying for a Land Tax Clearance Certificate.

You can get an application form for a clearance certificate:

- from OSR's website (download only)
- in person at any OSR Office
- by phoning any of our offices

Return the fully completed form accompanied by the processing fee of \$15 to OSR by mail or over the counter at one of our office locations.

### Interest in respect of tax defaults

Tax defaults include late or non-lodgement of land tax returns, as well as late or non-payment of land tax assessments. Interest is charged in respect of tax defaults as provided in the *Taxation Administration Act 1996*.

## 11 Payment Options

Your notice of assessment will offer two payment options:

- Option 1: There is a 1.5 per cent discount for full payment of your land tax within 30 days or by the first instalment date.
- Option 2: You may pay in three instalments but will not receive the discount. Your first instalment payment will include any overdue amounts, interest or penalty tax.

## 12 How to pay

### BPAY – The easy way to pay

You can now pay land tax using BPAY over the phone or through most internet banking packages. Contact your bank, credit union or building society to make payment from your savings or cheque account.

Please check the lodgement deadlines with your bank to make sure payment is received by the due date.

**Credit card payments are not accepted.**

### Electronic payment – secure and convenient

You can also pay using one of the many electronic payment services offered by most banks in Australia. An electronic payment application is attached. To ensure we receive your payment by the due date, you should check the lodgement deadlines with your financial institution.

### Payment by mail or in person

If your bank does not participate in BPAY or electronic payment services, or you feel it is not for you, you can still pay in person at an ANZ Bank or OSR office.

You can also pay by mail. Mail payments must be sent to the Office of State Revenue, GPO Box 530 Sydney NSW 1159.

Please make your cheque payable to the Chief Commissioner of State Revenue.



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## Land tax service directory

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### Parramatta

**Phone**

9685 2155 (local)  
1800 061 163\* (NSW)

**Fax**

9689 6763

**Address**

Lang Centre, Cnr Hunter and Marsden  
Streets, Parramatta

**General Mail**

Locked Bag 5215 Parramatta 2124  
DX 28309 Parramatta

**Payments**

**GPO Box 530 Sydney NSW 1159**

**Sydney** (counter services only)**Address**

Level 3, 55 Hunter Street, Sydney

### Extra phone service:



From 12 February – 29 March, our  
Parramatta phone service staff will  
be available to help answer your  
questions every Monday –  
Thursday 8.30am – 7pm.

**Internet:** [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

**Email:** [landtax@osr.nsw.gov.au](mailto:landtax@osr.nsw.gov.au)

### Newcastle

**Phone**

4925 5333 (local)  
1800 641 979\* (NSW)

**Fax**

4925 5399

**Address**

Level 2, 97 Scott Street Newcastle

**General Mail**

PO Box 511G Newcastle 2300  
DX 7860 Newcastle

**Payments**

**GPO Box 530 Sydney NSW 1159**

### Wollongong

**Phone**

4253 1000 (local)  
1800 622 725\* (NSW)

**Fax**

4253 1066

**Address**

Level 6, 90 Crown Street Wollongong

**General mail**

PO Box 666 Wollongong 2520  
DX 5245 Wollongong

**Payments**

**GPO Box 530 Sydney NSW 1159**

\* Clients in NSW using STD facilities may  
use the 1800 free call numbers.  
Interstate clients should call 9689 6200.



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OSR 011- 11/00

## Electronic Payment Application

- NOTE:** ■ Read information on the back before completing this form  
■ Print clearly in the white boxed spaces

Client number

Client name

Revenue type (the tax, duty or levy you are paying)

### Contact details

Please provide a contact name for any enquiries about electronic lodgement

Last name

First name

Daytime phone

Fax

Position or title

Email

### Bank details

Bank

Electronic payment package and module

### Declaration

On behalf of

I agree to use the Direct Credit system to make payments strictly in accordance with the conditions on the other side of this form.

Authorised signature

Name and title

Date

*Thank you*

*Now all you have to do is return this to OSR using the information overleaf*

## Electronic payment conditions

- Electronic payment can only be made once an electronic payment application has been approved for each client number and if an electronic payment code is printed on the remittance slip.
- It is your responsibility to ensure payment is made to OSR's nominated bank account by the due date.
- It is your responsibility to check the lodgement deadline for electronic payments with your bank.
- OSR uses each electronic payment code to identify clients and allocate payments to client accounts. This code is also called a Lodgement Reference by some banking software. Check with your bank or OSR if you are unsure where to enter this code in your banking package.
- You must enter the electronic payment code **exactly** as it appears on the remittance slip.
- Do not send the remittance slip to OSR when making an electronic payment.
- "Nil" remittance slips must be sent to OSR as 'nil' value transactions cannot be processed electronically.
- You must notify OSR of any changes to contact names, phone and fax numbers or banking packages.

## General information

- If you are registered to pay electronically, you do not need to make a new application. However, a separate registration is required for each different client number.
- On approval, our banking details will be faxed back to you at the fax number you nominate.

## Land tax

For more detailed information about land tax, your assessment or to obtain another copy of this application:

Phone: 9685 2155 (local) or 1800 061 163 if you live outside the Sydney metropolitan area.

Email: [landtax@osr.nsw.gov.au](mailto:landtax@osr.nsw.gov.au) or

Visit our website: [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

## Send us your application today and start paying electronically

Fax: 9689 6464 or 9689 6305

Mail: Electronic Payment Applications  
Office of State Revenue  
Locked Box 5215  
PARRAMATTA NSW 2124