



Land Tax Related Companies

A company is considered to be a related company if two or more companies are commonly owned or controlled. A related company can be assessed separately or assessed jointly with another company or companies to which it is related under the related companies (grouping) provisions in section 29 of the *Land Tax Management Act 1956*.

The effect of these provisions is that the total tax payable on the land owned by the group is equal to the tax that would be payable if a single company owned all of the land. In assessing land tax, each member of the group will be assessed as either a concessional, joint concessional or non-concessional company.

Definitions

Concessional company: The company in the group that receives the benefit of the general threshold or premium rate threshold.

Joint concessional companies: Two or more companies in the group that are assessed together to receive the benefit of the general threshold or premium rate threshold.

Non-concessional companies: A company in the group that is not entitled to the benefit of a threshold.

General threshold: The general land tax threshold for 2012 is \$396 000. If the land value exceeds this threshold, \$100 land tax is payable plus 1.6 per cent per dollar above the threshold up to a taxable value of \$2 421 000.

Premium rate threshold: The premium land tax threshold is \$2 421 000. Above this amount, the tax rate increases from 1.6 per cent to 2 per cent for each dollar.

Assessment of liability

Land tax for related companies is assessed as follows:

- 1. Where the total taxable land value for the group does not exceed \$396 000:** No tax is payable by the group.
- 2. Where the total taxable land value for the group exceeds \$396 000 but does not exceed \$ 2 421 000:**
 - one company with a taxable land value exceeding \$396 000 will be assessed with the benefit of the general threshold
 - if no company of the group meets this criteria, two or more companies that do will be jointly assessed and will receive the benefit of the general threshold. This could result in the entire group being assessed as joint concessional companies
 - any remaining group members will be assessed at 1.6 per cent on their taxable land value and will not receive the benefit of the general threshold.

MORE INFORMATION



www.osr.nsw.gov.au



1300 139 816*



1300 363 806



GPO Box 4269
Sydney NSW 2001
DX 456 Sydney



Phone enquiries
8.30 am – 5.00 pm, Mon. to Fri.

*Interstate clients please call (02) 9689 6200.
Help in community languages is available.

Office of State Revenue: ISO 9001 – Quality Certified
Department of Finance & Services

© State of New South Wales through the
Office of State Revenue, 2011. This work
may be freely reproduced and distributed for
most purposes, however some restrictions apply.
Read the copyright notice at www.osr.nsw.gov.au
or contact OSR.

3. Where the total taxable land value for the group exceeds \$ 2 421 000:

- one company with a taxable land value exceeding the premium threshold of \$2 421 000 will be assessed with the benefit of the general threshold and will pay \$100 plus 1.6 per cent up to the premium threshold and then 2 per cent thereafter
- if no company of the group exceeds the \$2 421 000 threshold then two or more of the companies will be jointly assessed and will receive the benefit of the general threshold. This could result in the entire group being assessed as joint concessional companies
- any remaining group members will be assessed at 2 per cent on their total taxable land value. These companies will not receive the benefit of the general threshold.