



# Land Tax Guide 2007

F A C T S H E E T

NOVEMBER 2006

## MORE INFORMATION

### Phone

1300 139 816

### Phone hours

8.30am – 5.00pm

Mon – Fri

### Website

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

Help in community languages is available.

## What is land tax?

Land tax is a tax on land you own in NSW as at midnight on 31 December of the previous year. Land includes:

- vacant land, including vacant rural land
- land where a house, residential unit or flat has been built
- holiday homes
- company title units
- residential, commercial or industrial units including car spaces
- commercial properties, including factories, shops and warehouses
- land leased from State or Local government

## Who needs to pay land tax?

If you own any property that is not your principal place of residence (your home), including a holiday house or unit, you may be liable to pay land tax. This includes property that does not earn any income.

Certain lessees from the Crown or a local council are deemed to be owners of the leased land and are liable to pay land tax.

The amount of land tax payable depends on the combined value of any taxable land you own or have an interest in, excluding exempt land, that is above the threshold. The value of taxable land does not include any structures or improvements on the land such as a house. Any land you own outside of NSW is not subject to land tax in NSW.

## What land is exempt?

### Principal place of residence

Your principal place of residence is generally exempt from land tax. You can usually only claim an exemption for a principal place of residence on one property.

If you use your land as your principal place of residence and for non-residential purposes, for example, if you run a business on your land, you may be eligible for a reduction in land tax for the proportion used as your residence.



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If a company is an owner or part owner, they are not entitled to an exemption for a principal place of residence.

Land intended as the owners' principal place of residence, provided you do not own another property which is currently your exempt principal place of residence. You may be eligible for an exemption if you:

- (a) have purchased unoccupied land where you intend to build your principal place of residence (your home), or
- (b) are renovating an existing home that you intend to occupy as your principal place of residence

Concession for sale of former residence. If you have recently purchased a house that you have moved into, or intend to move into, but are still trying to sell your former home you may be able to claim an exemption for both properties.

To qualify for this concession, strict timeframes apply. If the properties are rented, this concession will not apply.

Other exemptions include:

Land that is zoned rural or non-urban and used mainly for primary production is exempt from land tax. Land zoned otherwise must be used for the business of primary production to qualify for a primary production exemption.

Land used and occupied primarily for boarding houses anywhere in NSW, or certain property used for low cost accommodation within a five kilometre radius of the Sydney GPO.

Retirement villages, aged care establishments and nursing homes

Religious and charitable institutions

Read more about qualifying for a land tax exemption or concession at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

## What should you do if you think you are liable for land tax?

If you own property other than your principal place of residence and you think you might be liable for land tax, you need to submit a registration form. To submit a form you can:

- complete your registration form online at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)
- download and return a registration form at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)
- contact the Office of State Revenue (OSR) and ask us to post you a form.

This form should be submitted to the OSR by 31 March 2007.

**Note:** if you have submitted a registration form in 2006 or in a prior year and your land holdings have not changed, you do not need to submit another registration form.

You will only need to contact OSR if your land ownership, usage (including subdivisions) or address details have changed. You can notify us of changes to your contact, address, land ownership or exemption details, by using the variation form at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

## What happens next?

Once we receive your registration form, we will determine your land tax liability. We will then mail you a notice of assessment. This notice will list all the land you own including taxable and exempt land. The notice will also show how much land tax you need to pay.

## How is the value of your land determined?

The Valuer General values all land in NSW annually and provides these values to OSR for land tax purposes. Values are determined as at 1 July, preceding each land tax year.

### Strata unit valuations

For strata units, the land value for each individual strata lot is calculated on a proportional basis using the unit entitlement for each lot and the aggregate for the strata scheme.

Landowners can find out more, or request a land valuation brochure and a sales report by calling the Department of Lands on (toll free) 1800 110 038.

Read more general information on land valuations, or find a land value on the Department of Lands website at [www.lands.nsw.gov.au](http://www.lands.nsw.gov.au)

## Average values

For 2007 and subsequent tax years, the value used to determine your land tax liability will generally be the average of the land value for the current tax year and the land values for the previous two years. Where a parcel of land was only recently created (eg by subdivision or amalgamation) the average value will be based only on the land values for those taxing dates when the newly created land item did exist.

## What if I disagree with the land value?

Landowners are entitled to submit an objection with the Department of Lands within 60 days from the date of issue of a land tax assessment.

Objections may be submitted either online via the Department of Lands website [www.lands.nsw.gov.au](http://www.lands.nsw.gov.au) or by using a Valuation Objection Kit.

Landowners can obtain more information on land values or request an objection kit containing a general valuation sales report for the locality and a valuation objection form from the Department of Lands website [www.lands.nsw.gov.au](http://www.lands.nsw.gov.au) or by calling 1800 110 038.

## How is land tax calculated?

Land tax is calculated on the combined value of all the taxable land you own. The land tax threshold for 2007 is \$352 000. This means your land tax assessment is calculated on the combined value of all the taxable land you own above this threshold. The amount of tax is \$100 plus 1.7 per cent of the land value in excess of the threshold.

**Note:** where land is owned in partnership, one threshold applies regardless of the number of owners. That is, where land is owned in partnership, the threshold would still be \$352 000.

An individual's interests in a partnership may also be assessable if that owner holds other land individually or with other partnerships.

If the combined value of your land is equal to or below the threshold, no land tax is payable.

## General example

Total taxable value of land	Rate of land tax payable	Example	Land tax payable
\$450 000	1.7 cents for each \$1	Total value of land = \$450 000 Threshold \$352 000  Value of land above the land tax threshold \$98 000  Rate of land tax payable x 1.7% (plus \$100)	\$1766  ((\$1666 + \$100))

## Non-concessional companies and special trusts example

Total taxable value of land	Rate of land tax payable	Example	Land tax payable
All non-exempt land	1.7 cents for each \$1	Total land value = \$180 000 Land tax rate 1.7 cents per \$1 \$180 000 x 1.7%	\$3060

## Online services

You can complete and submit land tax registration and variation return forms online at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

Download the following forms in pdf format:

- registration and variation forms
- applications for clearance certificates
- applications for valuation certificates.

Request exemption forms for the following exemptions:

- primary production
- deceased estates
- boarding houses
- low cost accommodation

- land owned by a society, club or association
- land owned by a charitable or educational institution or a religious society
- residential parks.

### Other online services include:

- client land holding summary (new)
- access to revenue rulings
- links to land tax legislation
- online applications for land tax clearance certificates
- land tax calculator
- registration to attend land tax seminars.



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