



Land Tax Deduction to Prevent Double Taxation

For taxpayers receiving primary and secondary assessments

What happens if I own land jointly?

If you own land with one or more other owners, you are considered to be a joint owner of land. Joint owners may be any combination of owners, either as joint tenants or as tenants in common, who in turn may own other properties, either in their own right or together with other people.

How am I assessed for land tax if I am a joint owner of land?

If you are a joint owner of land you will be assessed as follows:

- The joint owners together are called the 'primary taxpayer' and are assessed as if they are a single owner. All joint owners are jointly liable for the land tax payable by the primary taxpayer.
- Each joint owner is called a 'secondary taxpayer' and will be assessed separately for their interest in the jointly owned property together with any other land holdings. The other land holdings can be held either as a single holding or as an interest in land owned by another joint ownership.
- If an owner owns other land jointly with different persons, each unique combination of joint owners will be assessed as separate primary taxpayers. For example, if A owns an item of land jointly with B, and A owns a separate item of land jointly with C, there are two primary taxpayers who will each be assessed separately – A with B, and A with C.

Deduction to prevent double taxation

To prevent double taxation on land included in assessments for both a primary taxpayer and a secondary taxpayer, a secondary taxpayer is entitled to a deduction which relates to the taxpayer's interest in the jointly owned land.



MORE INFORMATION



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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.

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8.30 am – 4.30 pm, Mon. to Fri.

*Interstate clients please call (02) 9689 6200.
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Calculating the deduction

The allowable deduction is the **lesser** of the following two amounts:

$$\text{i) } \frac{\text{Interest (share of land value) of individual in joint ownership}}{\text{Total land value of joint ownership}} \times \text{Tax on joint ownership}$$

OR

$$\text{ii) } \frac{\text{Interest (share of land value) of individual in joint ownership}}{\text{Total land value of individual}} \times \text{Tax on individual}$$

This amount is deducted from the total amount of land tax assessed in your secondary (individual) assessment.

Example using 2009 rates

Mr A and Mr B jointly own Property 1 with a land value of \$800 000.

Mr A wholly owns Property 2 that has a land value of \$100 000.

Mr A will receive a joint assessment with Mr B for Property 1 and an individual assessment on his share in this property plus his individual property.

Tax and allowable deduction calculation for Mr A:

Assessment for joint owners Mr A and Mr B (Property 1):	
Total land tax payable on Property 1 (land value \$800 000)	\$ 7 012
Mr A's 50% interest in Property 1	\$ 400 000

Mr A's individual assessment (his share of Property 1 and Property 2):	
Mr A's 100% ownership of Property 2	\$ 100 000
Mr A's 50% interest in Property 1	\$ 400 000
Total land value of Mr A's interests in Properties 1 and 2	\$ 500 000
Land tax payable on total land value of \$500 000 before deduction	\$ 2 212*

*Minus the deduction to prevent double taxation – whichever is the lesser of calculation **i)** or **ii)**

$$\text{i) } \begin{array}{r} \$400\,000 \\ \hline \$800\,000 \end{array} \times \$7\,012 = \$3\,506$$

OR

$$\text{ii) } \begin{array}{r} \$400\,000 \\ \hline \$500\,000 \end{array} \times \$2\,212 = \$1\,769.60$$

Mr A's allowable deduction is \$1 769.60, so his total land tax payable will be:

\$2 212	–	\$ 1 769.60	=	\$442.40
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