



Office of State Revenue  
NSW TREASURY

ISO 9001-Quality Certified

## Revenue Ruling No. LT 38

# Company Titled Units Deemed to be Strata Lots

### Ruling history

Ruling no.	Issued date	Dates of effect		Status
		From	To	
<a href="#">LT 13</a>	10 June 1988	10 June 1988	31 December 1990	Replaced by LT 38
LT 38	1 June 1992	1 January 1991		

### Preamble

The Land Tax Management Act was amended in 1990 by the addition of Section 21A. The purpose of the amendment was to simplify the assessment of land tax on Company Titled Units and it applies to land tax payable in respect of the year commencing on 1 January 1991 and any succeeding year.

This Ruling explains the changes to the legislation and the responsibilities of the shareholders of Company Titled Units.

Section 21A of the Land Tax Management Act deems owners of shares in Company Titled Units, because of their exclusive right to occupy a part of the building, to be owners under the Strata Titles Act, 1973.

### Ruling

Therefore, where land is held in company titled ownership each shareholder is deemed to be the owner of that part of the building that the shareholder occupies and that part is then treated as a strata lot for land tax purposes.

Each unit is valued for land tax purposes by applying the formula:

(a)

$$\frac{\text{Total adjusted value of the land} \times \text{No. of shares owned by the shareholder}}{\text{No. of issued shares in the company}}$$

or

(b) If the Chief Commissioner is not satisfied as to the fairness and reasonableness of the proportion obtained in paragraph (a), a proportion to be determined by:

$$\frac{\text{Total adjusted value of land} \times \text{floor area of deemed strata lot}}{\text{total floor area of that which is separately occupied, or capable of being used for separate occupation in the building}}$$

As a result of the new provisions, the Home Unit Company is no longer liable to lodge land tax returns.

The owner of each deemed (strata) lot would be entitled to any of the concessions available to an "owner" of land within the meaning of the Act, e.g. exemption, if it is the owner's principal place of residence as defined by Section 10(1)(r) of the Act.

Owners of non residential units, e.g. shops, will be liable to pay land tax where the adjusted value of the whole of the land exceeds the threshold. Such units will be assessed in accordance with Section 95 of the Strata Titles Act, 1973.

## **Responsibility of Taxpayers to lodge returns**

### **Existing taxpayer**

Unless existing taxpayers are otherwise advised by the Office of State Revenue, they need not lodge a Variation Return prior to the issue of a notice of assessment. A notice of assessment will issue each year based on the existing landholding details. Attached to this notice will be a blank Variation Return which should be completed and returned whenever the notice of assessment does not reflect:

- (a) Acquisitions: The following information should be included in relation to deemed strata lots.
  - (i) name of the company in which the shares are held;
  - (ii) number of shares held and;
  - (iii) total number of issued shares.
- (b) Disposition - include the name of the purchaser and date possession passed.
- (c) Change of use of land; if the use of the land has changed, details are to be provided.

## **10 Potential Taxpayers**

In respect of new taxpayers, if it is considered that a land tax ability exists where:

- 1) the adjusted value of the unit exceeds \$160,000 and/or;
- 2) the aggregated adjusted value of the unit and other lands owned exceeds \$160,000;
- 3) the shares are held in trust for a Special Trust which includes a Discretionary Trust and/or a company classified as a non concessional company and the adjusted value exceeds \$6667;
- 4) the unit is a non residential unit where the adjusted value of the land exceeds \$160,000, an Initial Return should be lodged.

**B. Buchanan,**  
for Chief Commissioner of Land Tax  
1 June 1992