



Office of State Revenue
NSW TREASURY

ISO 9001-Quality Certified

Revenue Ruling No. LT 81

Exemption – Land Used and Occupied Primarily for Low Cost Accommodation 2008 Tax Year

(Section 10Q – Land Tax Management Act 1956)

Preamble

1. Where land situated within certain boundaries is used and occupied primarily for low-cost accommodation (other than as a boarding house) an exemption from land tax is available if guidelines approved by the Treasurer are met. Where only part of the land or premises are used to provide the accommodation, an exemption is not available but the owner is entitled to claim a reduction in the land value of the land.
2. The purpose of this ruling is to outline the approved guidelines applying to the 2008 tax year, to explain the conditions that entitle the owner to claim an exemption or a reduction in the land value and to provide a declaration to be completed by owners who claim the concession. An explanation of the guidelines approved by the Treasurer for the 2008 tax year for boarding-houses is contained in Land Tax Revenue Ruling LT 80.

Guidelines approved by the Treasurer

3. The approved guidelines for the 2008 tax year are as follows:
 - (i) Owners of land who provide low cost accommodation (that accommodation not being licensed premises or a boarding-house) will be entitled to claim exemption from land tax or a reduction in the land value of the land if the land is situated within a 5 kilometre radius of the Sydney GPO and on condition that:
 - (a) each tenancy was subject to a Residential Tenancy Agreement under the *Residential Tenancies Act 1987*; and
 - (b) the maximum weekly tariff paid in terms of a Residential Tenancy Agreement during the 6 months ended 31 December 2007 was no more than:
 - \$189 for one bedroom accommodation; or
 - \$252 for two bedroom accommodation; or
 - \$315 for three or more bedroom accommodation; and
 - (c) a tenant used and occupied the premises or part of the premises for residential purposes and no other purpose for the 6 months immediately preceding 31 December 2007.
 - (d) the owner gives an undertaking to pass on a benefit to the tenant(s) broadly equivalent to the land tax exemption. The benefit could, for example, be one or more of the following:
 - (A) reducing the tariff; or
 - (B) foregoing any increase in tariff that would otherwise have occurred under the terms of the Agreement; or

- (C) carrying out improvements or renovations to the premises which are not required to be made under the terms of the Agreement e.g. by complying with a Council regulation, fire safety regulation etc.
- (ii) An exemption or a reduction in the land value is not applicable where the use and occupation of the land was by any member of the family of the owner or where the land is owned by a company, by a member of the family of a director or a shareholder of that company;
 - (iii) The concession applies if the Chief Commissioner of State Revenue is satisfied that the circumstances preventing the term of the tenancy being for less than 6 months prior to the taxing date were beyond the owner's control; and
 - (iv) For the purposes of paragraph 3(ii) above, a member of the family of the owner or the member of the family of a shareholder means a person who could in any circumstances possibly be entitled in terms of the *Wills, Probate and Administration Act 1898* to an inheritance should the owner or shareholder die intestate.

Ruling

- 4. If only part of the land or premises were used for low cost accommodation, a pro rata reduction in the land value of the land will be calculated by the Chief Commissioner if the Chief Commissioner is not satisfied that the reduction claimed is fair and reasonable. Otherwise, the calculation will be made on a floor area basis.
- 5. Owners must apply for exemption by completing the standard declaration which should be lodged as soon as possible but within 30 days of the serving of a notice of assessment if the assessment contains the land. The declaration may be posted to the Chief Commissioner at the following address:

Office of State Revenue
Client Services Division
GPO Box 4269
Sydney NSW 2001

or alternatively may be lodged at any branch of the Office of State Revenue from where additional copies of the declaration are available.
- 6. Records of owners who claim concessions are regularly audited by the Office of State Revenue. Documentary evidence supporting the information in the declaration must be retained and produced for inspection, if requested.

Tony Newbury
Chief Commissioner of State Revenue
17 January 2008