



F A C T S H E E T

Land Tax 2006

What is land tax?

Land tax is a tax on the 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
- commercial properties, including factories, shops and warehouses.

Who is liable 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 land tax threshold. The value of taxable land does *not* include any structural improvements, such as a house. Any land you own outside of NSW is not subject to land tax in NSW.

What land is exempt?

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.

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

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.

Other exemptions include:

- land intended as the owner's 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
- 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 and aged-care establishments
- religious and charitable institutions.

To see if you qualify for an exemption or concession visit the OSR website, 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 **lodge a registration form**. You can do this by:

- completing your registration form online at OSR's website, www.osr.nsw.gov.au, or
- downloading and returning a copy of the registration form located on the OSR website, or
- contacting OSR and asking us to post you a form.

Note: If you have lodged a registration form in 2005 or in a prior year, you do not need to lodge another registration form.

You will only need to contact OSR if your land ownership or usage, 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 on our website.

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, and will advise you how much land tax you need to pay.

How is the value of your land determined?

The Valuer General values all land in NSW. Values are determined on 1 July preceding each land tax year. These valuations are separate from those made approximately every three years for local government rating purposes.

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.

For general information on land valuations, or to find a land value, visit the Department of Lands website: www.lands.nsw.gov.au

What if I disagree with the land value?

Landowners are entitled to lodge an objection with the Department of Lands before the last date to object, shown on your Notice of Valuation, or within 60 days from the date of service of a land tax assessment.

Objections must be on the official Valuation Objection form available

on the Department of Lands website: www.lands.nsw.gov.au, or by calling toll free 1800 110 038.

Landowners can call this number for more information on objections or to request an objection kit containing a land value review brochure, a general valuation sales report for the locality and a Valuation Objection form.

More information

Phone

1300 139 816

Phone hours

8.30am – 5.00pm Mon – Fri

Internet

www.osr.nsw.gov.au

Help in community languages is available.

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 2006 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.

If the combined value of your land is equal to or under 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	\$1766
		Threshold	\$352 000
		Value of land above the land tax threshold	\$98 000
		Rate of land tax payable	x 1.7% (plus \$100)
			(\$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	\$3060
		Land tax rate 1.7 cents per \$1	
		\$180 000 x 1.7%	