



F A C T S H E E T

Land Tax 2006

Crown or Council Leases

January 2006

Land tax is a tax on the ownership of land in NSW. The amount of land tax payable depends on the combined value of any taxable land you own or have an interest in.

There are a number of exemptions available from land tax. For more information on these see the OSR website: www.osr.nsw.gov.au.

What is a Crown or council lease?

If you lease land from the Crown or council, you may be liable for land tax. This applies to land owned by:

- the Crown (that is, the NSW State Government)
- local councils or county councils
- NSW statutory and public authorities

Is my Crown or council lease liable for land tax?

Under certain circumstances, lessees of Crown or council land may be deemed to be the 'owner' of the leased land and liable to land tax under section 21C (2) of the *Land Tax Management Act 1956*.

Leases are not liable for land tax where:

- the term of the lease is less than 12 months, including any period under an option
- the lessee is the Crown, a local or county council or a public authority
- a lease of land for which the Crown is liable for land tax.
- the lease was entered into before 1 January 1987 and the terms of the lease relating to rental payable remain unchanged (for land leased from the Crown only).
- the lease was entered into before 1 January 1991 and the terms of the lease relating to rental payable remain unchanged (for land leased from local and county councils and NSW public authorities only)

What should you do?

If you lease property from either the Crown or council and you think you may be liable for land tax, you need to lodge a registration form. You can:

- complete your registration form online at OSR's website: www.osr.nsw.gov.au
- download the registration form from OSR's website, fill it in and return it to OSR or
- contact OSR and ask for a form to be posted to you.



Office of State Revenue
NSW TREASURY



How is land tax calculated?

For the 2006 land tax year, land tax is calculated on the combined value of all the taxable land you own at midnight on 31 December 2005. The land tax threshold 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 in excess of the threshold. Land values are calculated using annual valuations for land tax made by the Valuer General as at 1 July preceding each land tax year.

Where there is a single lessee occupying a property, the land value is determined by the Valuer General.

Where there are multiple lessees occupying a property, the land value of the area you lease may be calculated in accordance with the following formula:

$$\text{Land value of the area you lease} = \text{Land value of entire property} \times \frac{\text{Rental value of the area you lease}}{\text{Rental value of the entire property}}$$

The Chief Commissioner of State Revenue can request the Valuer General to determine the land value of the area you lease in a multiple leased property.

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)

Interest and Penalties

Lodging your registration form after the due date or not lodging a form at all is considered a tax default and interest may be charged.

Under the *Taxation Administration Act 1996*, we may impose penalties for providing misleading and/or false information, or for deliberately avoiding our requests for information.

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.

Online services

Visit our website www.osr.nsw.gov.au to access a range of online services, including:

- information about land tax
- online registration form
- online variation return form
- downloadable exemption and registration forms
- the land tax calculator which gives you an estimate of your land tax
- links to land tax legislation
- Revenue Rulings – OSR's interpretation of key legislation.

