



Land tax information for financial year 2005-06

1. What is land tax?

Land tax is a yearly tax on the total unimproved value of Queensland freehold land owned by landowners as at midnight on 30 June. The unimproved value of land is the value of the land excluding improvements (e.g. a house). The Commissioner of Land Tax (Office of State Revenue) administers the *Land Tax Act 1915*.

Land tax is not imposed on a calendar year basis. Although the tax is calculated on land owned at a particular point in time (30 June), it is levied in respect of the financial year immediately following the point in time at which the liability is established. For example, land tax for the 2005-06 financial year is based on land owned as at 30 June 2005.

2. What land value is used for land tax?

Land tax is payable on the taxable value of an owner's land. The taxable value is the relevant unimproved value of the land less exemptions and deductions.

The relevant unimproved value is the lesser of –

- (a) the unimproved value of the land that applies for the financial year (see Question 3); or
- (b) the averaged unimproved value of the land for the financial year.

To obtain item (b), the unimproved value of the land for the current and previous two years is averaged. If the unimproved value for the three years is not available, an averaging factor (a percentage of the current year's value) is used.

3. Who determines the unimproved value of land?

The unimproved value of land for calculating land tax and local government rates is determined by the Department of Natural Resources and Mines (DNRM) in March each year. For more information about land valuations, contact DNRM on **(07) 3896 3111** or log on to www.nrm.qld.gov.au

4. Who is liable to pay land tax?

The owner of the property as at 30 June 2005 is liable to pay the land tax assessed for the 2005-06 financial year. The owner is generally taken to be the person whose name appears on the certificate of title at the Land Titles Registry, DNRM, as the registered owner of the property.

The Commissioner of Land Tax does not make any pro rata adjustment of land tax if the owner disposes of the land during the financial year for which the land tax is assessed. Any adjustment or apportionment of land tax is a commercial matter and would be arranged between the vendor and purchaser.

5. What are the land tax thresholds for 2005-06?

Land owned by an individual

An individual may be liable for land tax if the total unimproved value of the freehold land owned by that person as at 30 June 2005 is equal to or greater than **\$450,000**.

Land owned by a company, trustee or absentee

A company, trustee (including trustee/s of deceased estates), or an absentee, may be liable for land tax if the total unimproved value of the freehold land owned as at 30 June 2005 is equal to or greater than **\$300,000**.

(**Company** includes club, association, society etc. An **absentee** is an owner who does not ordinarily live in Australia or an external territory.)

Land tax

6. Are there any exemptions?

A number of exemptions from land tax are provided by the *Land Tax Act 1915*. Some of the more commonly encountered exemptions are outlined below.

- Land owned by or in trust for any person or society and used or occupied by that person or society solely as the site of a building owned and occupied by a non-profit society, or a non-profit club, or a non-profit association.
- Land owned by an exempt charitable institution and used predominantly for qualifying exempt purposes, e.g., education, religious activities, relief of poverty, care of the sick.
- Land used for premises or facilities for residents of a retirement village.
- Land comprised of one parcel and used substantially as a principal place of residence by a person who owns no other land in Queensland (a deduction may apply in other cases, see question 7).

Moveable dwelling parks

For 2005-06 and subsequent financial years, land is exempt if it is used predominantly as a **moveable dwelling park** on which **more than 50 per cent** of the total number of sites are occupied, or solely available for occupation, for residential purposes for more than 6 weeks at a time.

A moveable dwelling park is a place where caravans or manufactured homes are situated for occupation on payment of consideration, such as rent.

7. What deductions are allowable?

Deductions from the unimproved value are allowed for an owner's principal place of residence (in cases where the principal place of residence exemption referred to in question 6 does not apply), and for land used for the business of primary production, namely agriculture, pasturage or dairy farming.

Principal place of residence deduction

If a resident land owner (an individual) uses the land as his/her principal place of residence ("PPR"), he/she may be eligible for a PPR deduction.

Similarly, if a trustee of a trust owns land and all the trust beneficiaries use the land as their PPR, the trustee may be eligible for a PPR deduction.

A full or partial exemption/deduction may apply when land is used as a PPR and for another purpose. For further information you should refer to Practice Direction LT 17 - *The Land Tax Concession for a Principal Place of Residence*. The Practice Direction is available on the OSR website www.osr.qld.gov.au

A company is not eligible for a PPR exemption/deduction.

Land used solely for the business of primary production

If all or part of an owner's land is used solely for the business of primary production (agriculture, pasturage or dairy farming), the owner may apply for this deduction.

To determine whether the use of the land constitutes a business of primary production, the Commissioner of Land Tax will consider a number of factors, as outlined in Practice Direction LT 1.1 - *Guidelines for determining the business of agriculture, pasturage or dairy farming* available on the OSR website www.osr.qld.gov.au. Land used as a hobby farm is not eligible for the deduction.

Owners who may qualify for this deduction are –

- individuals who reside in Australia
- individuals who do not reside in Australia but are Australian citizens
- relevant proprietary companies
- exempt charitable institutions
- trustees of trusts provided all the trust beneficiaries fall within one of the above owner categories.

How to claim a deduction

To claim a deduction, fill out the relevant form, available from the Office of State Revenue website www.osr.qld.gov.au or contact the Office on **1300 301 547**.

If a deduction is allowed for a financial year, the deduction will continue for subsequent years and the owner will not have to re-apply each year, unless, for example, the owner shifts to a different principal place of residence or the land ceases to be used for the business of primary production. If circumstances change so that the owner is no longer eligible for the deduction, the owner must notify the Commissioner of Land Tax in writing.

8. How is land tax calculated?

Land tax is calculated by applying the tax rate to the taxable value of the land (see Questions 2 and 9).

9. What are the rates of tax?

Land tax is assessed on a sliding scale. There are 2 separate scales: one covering the tax bands for individuals (other than absentees), and the other covering the tax bands for companies, absentees and trustees. The tax bands and corresponding tax rates for 2005-06 are set out below.

Individuals (other than trustees or absentees):

Taxable value

\$0 - \$449,999	\$0
\$450,000 - \$749,999	\$400 plus 0.7 cents in each \$ more than \$450,000
\$750,000 - \$1,249,999	\$2,500 plus 1.45 cents in each \$ more than \$750,000
\$1,250,000 - \$1,999,999	\$9,750 plus 1.5 cents in each \$ more than \$1,250,000
\$2,000,000 - \$2,999,999	\$21,000 plus 1.65 cents in each \$ more than \$2,000,000
\$3,000,000 and over	Flat rate of 1.25 cents for every \$ of the taxable value

Example 1:

Taxable value of \$480,000
Band is \$450,000 - \$749,999
Tax calculation = \$400 + (0.7 cents x \$30,000 excess)
 = \$400 plus \$210
Tax payable = \$610

Companies, trustees and absentees:

Taxable value

\$0 - \$299,999	\$0
\$300,000 - \$749,999	\$1,500 plus 1.5 cents in each \$ more than \$300,000
\$750,000 - \$1,249,999	\$8,250 plus 1.65 cents in each \$ more than \$750,000
\$1,250,000 - \$1,999,999	\$16,500 plus 1.8 cents in each \$ more than \$1,250,000
\$2,000,000 and over	Flat rate of 1.5 cents for every \$ of the taxable value

Example 2:

Taxable value of	\$550,000
Band is	\$300,000 - \$749,999
Tax calculation	= \$1,500 + (1.5 cents x \$250,000 excess)
	= \$1,500 plus \$3,750
Tax payable	= \$5,250

Online services

This information sheet contains general information only, extracted from the *Land Tax Act 1915* and the *Land Tax Regulation 1999*. For specific or more detailed information, please contact the Office of State Revenue on **1300 301 547**. You may also wish to seek professional advice concerning your land tax liability. Please visit our website www.osr.qld.gov.au to access a range of online services, including:

- information about land tax
- approved forms, including PPR exemption claim, moveable dwelling park exemption claim
- a land tax estimator which gives you an estimate of your land tax
- links to land tax legislation
- revenue rulings and practice directions giving the Commissioner's interpretation of key legislation.

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